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ABSTRACT

The federal government has traditionally relied on a variety of private accrediting bodies and state chartering and licensing authorities for determining eligibility and exercising direct supervision and consumer protection in education. As Federal financial assistance directly to students has expanded (3 million students received $6.4 million in 1974), the diffuse and uneven system of approval and control of educational insitutions, programs, and student financial aid by "voluntary" agencies has become confused and overburdened. As an aid to legislators, the Eligibility Task Force of the Postsecondary Education Convening Authority synthesized numerous recent studies and dialogues in the field of eligibility and accreditation. This was done to define key terms, sort out the interests of the various parties involved, delineate the current issues, offer conceptual models of alternative eligibility systems, and summarize some proposed solutions, including revisions based on the present system, which places heavy reliance for determining institutional eligibility on private accrediting associations. This also includes plans to separate eligibility judgments from accreditation. Appendices to this summary of the Task Force findings include principal participants in the present eligibility system, a review of statistics pertaining to the Guaranteed Student Loan Program (GSLB) and the Basic Opportunity Grant Program (BOGS), and a list of issues discussed at the U.S. Office of Education National Invitational Conference on Institutional Eligibility. (JT)

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ED112782

REPORT ON INSTITUTIONAL ELIGIBILITY

by

The Eligibility Task Force
of the
Institute for Educational Leadership

June, 1975

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EDUCATION & WELFARE
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Postsecondary Education Convening Authority
Institute for Educational Leadership
The George Washington University
1001 Connecticut Avenue, N. W.
Washington, D. C. 20036

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INSTITUTE FOR
EDUCATIONAL
LEADERSHIP

THE
GEORGE
WASHINGTON
UNIVERSITY

Suite 310
1001 Connecticut Avenue, N.W.
Washington, D. C., 20036

Samuel Halperin
Director
(202) 83 -1737

Washington Internships
in Education
(202) 223-3415

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(202) 293-3166

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(202) 785-4991

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(202) 833-9051

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Convening Authority
(202) 833-2745

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(202) 833-9178

INTRODUCTION

What are the criteria that determine whether a postsecondary institution can participate in activities underwritten by Federal funds? Who decides -- and who should decide -- whether an institution is eligible? Should the standards be determined by government agencies, "voluntary" or professional bodies, or perhaps consumer-oriented groups? And, even before sensible policies can be developed, what is the state of the scene?

The accompanying report, with appendices, by the Eligibility Task Force of the Postsecondary Education Convening Authority, a program of the Institute for Educational Leadership, was prepared in response to Congressional inquiries. In the Task Force's own words, the report "attempts to define key terms, sort out the interests of the various parties involved, delineate the current issues and summarize major proposed revisions in the system." It has already been the subject of productive meetings of Congressional staff members and expert "friends" on April 1 and 18, 1975. While expressing our gratitude for their constructive comments, the Convening Authority assumes all responsibility for its contents.

When confronted with the mountains of reports and materials accumulated in this highly complex field, producing a tightly condensed synthesis of the literature appeared to be an impossible task. But it was made a great deal easier by the high skill of the Task Force that prepared it. The members, to whom we are deeply grateful, are:

- Pat Dolan, private consultant and formerly dean at Georgetown University and St. Louis University;
- Fred Pinkham, former president of Ripon College and first director of the National Commission on Accrediting;
- Paul Shapiro, former policy analyst in the Office of the Assistant Secretary for Education and a member of the FICE Consumer Protection Committee; and
- David Trivett, a research associate of the ERIC Clearinghouse on Higher Education.

Thanks also to Jean Levin, one of the authors of the Orlans report, who researched and wrote Appendix II.

The Institute for Educational Leadership and the Convening Authority hope that the report will assist the Congress in its continuing efforts to frame the sensible policies and mechanisms that are needed in the increasingly important area of institutional eligibility. One of the Authority's principal charges, directly related to the Institute's larger mission of bridging the gap between education and public policy, is to review research on significant issues in postsecondary education and to digest the material for use by policymakers. This means translating the language of research into the language of policy and action. We saw the literature on eligibility in need of this kind of reformulation, and hope that our efforts will lead toward better public policy through better informed policymaking.

A last word. The report does not represent an Institute or Convening Authority point of view on institutional eligibility. While individual members of the Task Force hold opinions on the subject, it is not the role of an agency such as the Convening Authority to set forth its own recommendations. In this document, the Task Force has summarized a range of policy alternatives as clearly, fairly, and concisely as possible.

This is a complicated subject. If you get lost, give me a call (833-2745). The Task Force and I are ready to help.

Kenneth C. Fischer
Director
Postsecondary Education
Convening Authority

REPORT ON INSTITUTIONAL ELIGIBILITY

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The Eligibility Task Force
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Institute for Educational Leadership

June, 1975

A. The Problems

The Federal government has traditionally relied upon a variety of private accrediting bodies and state chartering and licensing authorities for determining eligibility and exercising direct supervision and consumer protection in education. As Federal financial assistance direct to students has expanded (3 million students received $6.4 million in 1974), the diffuse and uneven system of approval and control of educational institutions, programs and student financial aid by "voluntary" agencies has become confused and overburdened. Interlaced networks of approving bodies with conflicting authorities and self-interests are scrambling for the right (or to avoid the responsibility) to exercise various degrees and kinds of sanction and surveillance over several varieties of postsecondary institutions and programs. Institutional administration of Federal loans and grants to students and reliance on non-Federal agencies to enforce Federal laws compound the situation.

As an aid to legislators this admittedly tightly condensed synthesis of numerous recent studies and dialogues in the field of eligibility and accreditation attempts to define key terms, sort out the interests of the various parties involved, delineate the current issues and summarize major proposed revisions in the system.

In the Veterans Readjustment Assistance Act of 1952, a pattern of Federal reliance on State and private mechanisms of accreditation for eligibility purposes was firmly set. The Bill required states to designate State approving agencies, and if they failed to do so, the VA Administrator would assume those functions. State approving bodies were authorized to approve courses offered by institutions when those institutions "have been accredited and approved by a nationally recognized accrediting agency or association." The same Bill directed that the Commissioner of Education "shall publish a list of nationally recognized accrediting agencies and associations which he determines to be reliable authority as to the quality of training offered by an educational institution..." Thus, Congress put the USOE into the business of accrediting accrediting agencies. This buffer of agencies between the government and institutions has been the basic plan for accountability and supervision for Federal funding for over twenty years.

In at least nine major Acts, Congress has reinforced this base by adapting the original language in boiler-plate fashion, and by expanding the definition of institutions eligible for participation in Federal programs: Health Professions (1963), Vocational Education (1963), Civil Rights (1964), Nurses Training (1964), State Technical Services (1965), Higher Education (1965), Allied Health Professions (1966), Educational Professions Development (1967), and Higher Education Amendments (1972).

In 1968, the Commissioner established the Accreditation and Institutional Eligibility Staff (along with an advisory committee) to draw up and administer criteria and procedures for approving organizations to be included in the mandated list, thus thrusting the USOE through administrative action directly into the accreditation process itself.

As Federal assistance plans proliferate, so do the difficulties of exercising arms-length Federal supervision of the students, institutions, agencies, and states participating in them. The shift of primary Federal support from institutions to individuals and the extension of the range of eligible institutions have accentuated the eligibility issues by intensifying consummer protection and surveillance needs.

The practice of utilizing private accrediting agencies as a channel for establishing institutional and program approval is threatened by new Federal laws (civil rights) with broader than educational significance and application. Much as private agencies enjoy the extra authority and importance accompanying Federal reliance on their sanctions, they are not equipped to nor do they wish to serve as enforcement officers for Federal laws.

The division of authority and interest among various approving agencies has become confused. The capabilities and practices in the states for chartering institutions and monitoring standards vary widely. The National Commission on Accrediting, the Federation of Regional Accrediting Commissions of Higher Education and a new alliance of specialized accrediting agencies have merged to form a single non-governmental representative body entitled The Council on Postsecondary Accreditation. Meanwhile, the U.S. Commissioner's AIES is reaching the limit of its authorization and capacity to cope with the exploding need for consumer protection and the rapidly spreading diversification of educational programs throughout the country.

Added to the complex mix of sanctioning agencies in education are deep-rooted concerns of the parties involved in determining who shall benefit from Federal financial assistance, how fraud shall be prevented, and how academic effectiveness shall be maintained. The age-old issues of self-interest vs. public good; State vs. Federal constitutional authority and responsibility in education; non-government vs. government regulation; proprietary vs. non-profit; professions vs. institutions; protection for security vs. opportunity for innovation surface immediately in every dialogue on determining eligibility and accounting for Federal funds. Where does one end and the other begin? Who should protect whom from whom? Is the cost of protection worth the price of principle?

It is because these types of fundamental questions underlie the content and form of determining eligibility and monitoring performance in the competition for Federal dollars in education that the interest of all types of benefactors must be considered before further confounding actions are taken, however lofty and humane the intent. The basic dilemmas are: Who shall get the Federal dollar? How shall we determine institutional and student eligibility for Federal support? How shall we prevent fraudulent practices and protect the consumer? By what transitional strategy and administrative mechanism can the legitimate interests and needs of the students, the Federal government and the tax-paying public best be served through Federal subsidization without undo Federal intervention?

B. Principal Participants in the Present Eligibility System

To assist in sorting out the principal participants currently involved in determining who is eligible for Federal financial assistance, a chart of abbreviated information about the roles played by the Federal government, the voluntary regional and specialized accrediting agencies, and the States is presented in Appendix I. In each instance, the source of authority, the particular activities involved, the criteria used and a brief comment are included. This document is to be used as a reference chart rather than as a prime source of documentation. Also provided are a number of exhibits keyed to the chart for referral. These exhibits include:

Exhibit A: Responsibility Delegated to the U.S. Commissioner of Education Under Statutory Requirements Relating to Institutional Academic Eligibility

Exhibit B: Governmental and Non-Governmental Agencies Utilizing Information About the Accreddited Status of Institutions and Programs

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C. Federal Assistance Programs: Dollars, Students and Institutions.

Differences in reporting dates and formats used by various government agencies and independent studies in postsecondary education preclude accurate cross-referencing. Published reports normally contain verified figures for two-years preceding publication and only estimates for the immediate past year. Current data just do not exist. It is frequently impossible to obtain reliable information. For example, the total number of institutions eligible for certain programs is unknown as is the number of students they represent. Estimates concerning the number of private proprietary schools vary from 7000 with an enrollment of 1.5 million to 35,000 with enrollment of 5 million.[1]

With so many dollars in federal assistance programs being handled by so many parties in so many bureaus, the lack of current and reliable information not only makes national planning and policy formulation difficult, it seriously hampers analysis of the nature and number of administrative problems.

In Tables A and B below, current (1974-75) participation in two major Federal student assistance programs is shown.

Table A

1974 - 1975

GUARANTEED STUDENT LOAN PROGRAM*

Educational Institutions Eligible	8,823
Educational Institutions Participating	5,900
Students Participating	1,013,500
Educational Institutions Eligible as Lenders	212
Educational Institutions Serving as Lenders	150

*As of 5/30/75

Source: Mr. Lang - Division of Insured Loans
USOE - 202/245-2731

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[1] Belitsky, H.A., Private Vocational Schools, W. F. Upjohn Institute for Employment Research, 1970.

TABLE B

1974 - 1975

BASIC EDUCATIONAL OPPORTUNITY GRANTS*

Institutional Ownership	Institutions Eligible**	Institutions Participating	Dollars Involved	Average Grant	Students Aided
Public	2174	2174	$117,850,191	$507	232,368
Private Nonprofit	2193	2193	$ 51,637,403	$633	81,619
Proprietary	1144	1144	$ 10,326,834	$478	21,583
Unidentified	42	42	$ 1,467,000	$815	1,800
TOTAL	5553	5553	$181,281,428	$537	337,370

* As of 5/13/75. Subject to final adjustment July, 1975.
** The list of eligible institutions is kept identical to the list of participating institutions since list of eligibles is unknown.

Source: Mrs. Cowan - Division of Basic Grants
USOE - 202/245-1744

In Appendix II, the following tables of information with brief interpretations are presented:

Table 1:	Total Student Enrollment at Degree-Granting Higher Education Institutions - Fall 1974.
Table 2:	Number of Schools Attended by Student Borrowers Under the Federal Insured Loan Program - FY 1969 and FY 1972.
Table 3:	Percent of Schools Attended by Student Borrowers Under the Federal Insured Loan Program - FY 1969 and FY 1972.
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Table 5:	Federal Insured Student Loan Program Distribution of Loans by Institutional Ownership - FY 1968, 1971, 1973 and Cumulative Total.
Table 6:	Percent of Freshmen in Fall of 1974 Receiving Support From Federal Guaranteed Student Loans.
Table 7:	Estimated Number of Borrowers Under the Guaranteed Student Loan Program by Type of School Ownership - FY 1973.
Table 8:	Basic Grant Expenditures, Recipients and Average Award by Type of Institution - FY 1974.

D. Explanation of Terms

Numerous terms and abbreviations are employed in the discussion of eligibility and accreditation. Some of these terms and letters are often used interchangeably; others imply different meanings for people of different interests and are a frequent source of misunderstanding. Without intent to provide technical definitions, we suggest the following informal definitions:*

1. Chartering is the process by which a state grants permission to a new institution to come into being. It usually refers to corporate existence and does not always carry with it the right to grant degrees.

2. Accreditation is the process by which an agency or organization evaluates and recognizes a program of study or an institution as meeting certain predetermined qualifications or standards. It applies only to institutions and their programs of study or their

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*Our thanks to George Arnstein and the Federal Interagency Committee on Education's Report on Educational Consumer Protection whose definitions of these terms were useful to the Task Force as we developed our definitions.

services. Accreditation normally means that a school voluntarily has applied to an agency or organization for evaluation and recognition for meeting certain established standards. It is important to distinguish between regional accreditation by an association of colleges in the area, which looks at entire institutions, and specialized accreditation by a national organization of professionals or specialists in a specific discipline; which deals with certain departments, specialties or segments within an institution. More than 60 accrediting agencies are recognized by the U.S. Commissioner of Education. Accreditation is usually conferred for a specified period of years and is normally used as an indicator of academic quality and reliability.

3. Certification is the process by which either a governmental or a nongovernmental agency or association grants recognition to an individual who has met certain predetermined qualifications specified by that agency or association; e.g. teachers in most states must be certified to teach.

4. Licensure is the process by which an agency or government grants permission to persons meeting predetermined qualifications to engage in a given occupation and/or use a particular title or grants permission to institutions to perform specified functions. Sometimes this term is interchanged with certification and accreditation.

5. Approval for veterans benefits is conferred by the State Approving Agencies, designated by the governor but funded by the Veterans Administration under contract to make sure that courses meet specified criteria before they can be approved for veterans benefits. The term is now applied to agencies other than those dealing with the VA.

6. Eligibility applies at two levels: Student eligibility deals with the criteria or conditions imposed by a program that individuals must meet in order to qualify for its benefits. Institutional eligibility deals with the requirements schools must meet in order to participate in certain programs or so that its enrolled students will become beneficiaries. A student entitled to benefits, for example, can use them only if he attends a course which is approved by the appropriate State Approving Agency or by an accrediting agency approved by the U.S. Commissioner of Education. An example of an institutional eligibility requirement is:

> For the purpose of this title, the terms "institutions of higher education" and "eligible institution" mean an educational institution in any State which (1) admits as regular students only those persons

> having a certificate of graduation from a school providing secondary education (or the equivalent), or...(4) is accredited by a national recognized accrediting agency or association or, if not so accredited, is an institution with respect to which the Commissioner has determined that there is satisfactory assurance...that the institution will meet the accreditation standards...

7. Commonly Used Abbreviations

AIES	Accreditation and Institutional Eligibility Staff
BEOG or BOGS	Basic Educational Opportunity Grants
COPA	Council on Postsecondary Accrediting
ECS	Education Commission of the States
FISLP	Federal Insured Student Loan Program
FRACHE	Federation of Regional Accrediting Commissions of Higher Education
FTC	Federal Trade Commission
GSLP	Guaranteed Student Loan Program
NCA	National Commission on Accrediting
NDSL	National Defense Student Loan
PSE	Postsecondary Education
SSLP	Supplemental Student Loan Program
3-IC	Three Institutional Certification (Transfer of credit accepted by three accredited institutions)
USOE	United States Office of Education
VA	Veterans Administration
Voc. Ed.	Vocational Education

E. Issues in Eligibility

The availability of Federal funds highlights and exacerbates certain basic issues relating to the Federal role in postsecondary education. Presented in Appendix III is a list of key sub-issues under the following headings. Appendix III(A) is a list of similar issues discussed at the National Invitational Conference on Institutional Eligibility conducted April 30 - May 1, 1975 by AIES.

1. Federal responsibility for achieving equal access, choice and opportunity. The Education Amendments of 1972 and subsequent national debate and Federal funding decisions have firmly established the Federal responsibility for achieving these goals. Yet this responsibility brings other issues to the fore and makes it difficult to formulate rules for determining eligibility.

2. Federal versus State responsibility for the regulation of postsecondary institutions. Education is a function of the States, but increasingly the Federal government has affected many aspects of education. So far, the states have played a minimal role in determing which postsecondary institutions should be eligible for Federal funds, but this could be changed.

3. Federal use of private voluntary associations to make its funding decisions. The primary determinant now of whether a postsecondary institution is eligible to receive Federal funds is membership in an accrediting association which is recognized by the Federal government. Few non-accredited institutions are eligible and few accredited institutions are ineligible. The accrediting associations were not created for the determination of Federal eligibility, they did not ask for this function, and most of them do not want it, nor can they handle it. When the Federal government began use of this procedure, very little hinged on the eligibility decision. Now it is a major decision, and it is time to ask whether some other method would be more proper.

4. Federal responsibility for consumer protection in postsecondary education. Most of the Federal funds institutions now receive are in the form of student aid. Because there is some governmental responsibility implied for the protection of the users of such vast sums of public funds, and because these funds are appropriated to achieve specific national goals (principally equal access), the Federal government has a role in protecting the student from abuses by postsecondary institutions. These can be abuses of commission (degree mill) or omission (not living up to the promised or implied quality of education). Other factors such as declining enrollments in certain types of institutions and a growing national interest in consumer protection bear on this, but this is a major shift from the situation of just a decade ago when the balance of student funding decisions was almost totally on the side of the institutions.

F. Alternative Eligibility Systems (Conceptual Models)

Before specific changes in legislation are considered, it should be helpful to try to conceptualize the range of possible eligibility systems. The following are not fully developed but suggest the major thrust of the rationale of various approaches to eligibility.

Factors

* The primary location of responsibility for making eligibility determinations can rest with the Federal government, with State governments, or with private groups--as it does now with the accrediting associations.

* Three kinds of eligibility systems are theoretically possible for any of the above: 1) a disclosure system, 2) an approval system, 3) a universal system, or a combination of these.

* The basis for eligibility is implied by the kind of system: a disclosure statement, an outside study, or simply a State charter.

* A range of post-eligibility operations are possible, including: audits, hearings, sanctions, and information distribution.

1. Disclosure System

a. Premises

1) Eligibility should be separated from accreditation.

2) The information required for eligibility should not include ratings of program quality, which is what accreditation is designed to do.

3) Students deserve and will use, however, better information about the quality and performance of postsecondary institutions.

4) The postsecondary system will be self-regulating if satisfactory information is disclosed, both because of the purchasing power of student aid and the competition for scarce students.

5) Uniform information about postsecondary institutions can be collected and audited with acceptable costs and effort.

b. Major Components

1) Disclosure Statement. Each institution would be required to file with an appropriate agency and by a set date each year a statement containing pre-determined categories of information. This would be the basis for eligibility.

2) Audit. Some percentage of the statements each year would be audited to check their validity and completeness. Eligibility could be limited, suspended or terminated based on the findings of the audit.

3) Information Distribution. The disclosure statement would be made part of each institution's catalogue and made available in various ways by the Federal government to students.

2A. Approval System (State)

a. Premises

1) Since education is a function of the States rather than the Federal government, their role should be increased in the process of allocating public funds.

2) Increased reliance on the States rather than the accrediting associations for determining eligibility would recognize that this is a public not a private function.

3) Using States more fully to determine eligibility would greatly ease the Federal burden.

4) It is possible to strengthen the capacity of the States to make eligibility determinations.

5) It is desirable and possible to increase and maintain consistency across States in the processes and/or standards they use to determine eligibility.

b. Major Components

1) An office in every State which is approved by the Federal government for making institutional eligibility determinations, at least for certain classes of institutions.

2) The use of the accrediting associations for determining the eligibility of institutions not covered by the States.

3) A federal office which enforces standards, provides technical assistance to the States, and awards eligibility to institutions as a last resort.

2B. Approval System (Private)

a. Premises

1) The accrediting associations are accepted by their members and have experience in obtaining information from them.

2) Using accrediting associations eases the Federal burden because whole classes of institutions can be made eligible with little contact with individual institutions.

3) Since this system is in place, it is far easier to improve it than to cause major disruption.

4) Improvements in this system are needed and possible.

b. Major Components

1) The Federal government would continue to recognize accrediting associations as the major basis for determining eligibility.

2) The processes for limiting, suspending and terminating the recognition of both associations and individual member institutions would be strengthened.

3) The Federal government would build up the licensing and certifying capabilities of the States, to increase the range of eligible institutions.

4) A private non-Federal organization(s) would be created or designated to certify the eligibility of any postsecondary institutions which are not served or do not want to be served by the accrediting associations or the States.

3. Universal Eligibility System

a. Premises

1) This would legitimize all kinds of postsecondary institutions.

2) It bases eligibility on current performance, not historical standing.

3) It eliminates the entrance checks to eligibility, which have proved inadequate.

4) It completely removes the Federal government from making any direct or indirect program quality determination.

5) It upgrades the importance of regulation in the public interest.

6) It eliminates the use of private bodies from making decisions for the Federal government.

b. Major Components

1) Any operating postsecondary institution which has a license or charter from a State would be eligible for Federal funds.

2) A single Federal office would have authority to limit, suspend or terminate eligibility on a case by case basis.

3) The Federal office would act on the basis of complaints received or other sources of information.

4) Reinstatement of partial or full eligibility would be under the conditions set by and at the determination of the Federal office.

G. Some Proposed Solutions to the Eligibility Question

The list, taken from a variety of sources, begins with proposals based upon the present system of heavy reliance for determining institutional eligibility on private accrediting associations. The proposals move toward plans to separate eligibility judgments from accreditation. Various prescriptions for consumer protection and servicing by various agencies are included.

Accreditation Model	Proposal A:	Retain the present system in which the question of eligibility is tied directly to the process of accreditation by private associations, with, of course, prior chartering by the State. Institutions for whom no accrediting agency exists will be accredited by an interim but equivalent procedure.
Accreditation Model with Audit Changes	Proposal B:	A system of institutional evaluative auditing to be performed by the private accrediting agencies (regional). It includes a short-form financial report to be included in school catalogs and thorough long-form reports to the agency regularly. Teams of professional educational auditors fielded by the accrediting associations perform this function, along with the traditional institutional self-studies measuring institutional progress toward stated goals.[2]
Accreditation Model with Fiscal Disclosure	Proposal C:	A full set of Federally mandated criteria for institutional eligibility; e.g. 1. accept high school graduates or equivalent; 2. legal authorization within State as postsecondary institution; 3. offer six-month program or longer; 4. accreditation by nationally recognized accrediting agency; 5. be in existence for at least 2 years; and The U.S. Commissioner will provide regulations for a required fiscal audit of Federal funds and the establishment of reasonable standards of financial responsibility.[3]

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[2] cf. Harcleroad and Dickey, Educational Auditing and Voluntary Institutional Accrediting, ERIC/Higher Education Report No. 1, American Association for Higher Education, 1975.

[3] cf. O'Hara Bill (HR 3471), pp. 65 & 107

Accreditation Model with New Organization Added	Proposal D:	Continue use of the private accreditation process for eligibility and establish a new private body to provide an alternative means to eligibility. This Committee for Identifying Useful Postsecondary Schools, funded by USOE, is geared to those institutions that fall outside the present accreditation system. Within this proposal is the strengthening of State education agency staff to help in the enforcement and compliance of Federal eligibility guidelines.[4]
Separate National Commission (either public or private) to Determine Eligibility	Proposal E:	Determine eligibility for Federal funds by a process that is clearly distinguished and separated from that by which accrediting agencies judge institutional performance. A national procedure for determining eligibility based on: 1. institutional disclosure with useful information for students and, 2. a judgment that the institution has the capacity to perform its stated mission.[5]
Federal USOE Model with Eligibility Responsibility Minimal Criteria	Proposal F:	Separate the question of eligibility for Federal funds from the private accreditation process, and place responsibility in the hands of the Commissioner of Education through a FTC-SEC type responsibility and truth in advertising.[6]
Federal Model with Maximum Criteria	Proposal G:	A Federal Advisory Committee on Accreditation and Eligibility to guarantee that institutions satisfy the following criteria for eligibility: 1. clear statement of objectives: 2. a catalog with complete descriptions of courses, financial arrangements, objectives of programs;

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[4] cf. Orlan's report on Private Accreditation and Public Eligibility, pp. 9-18.

[5] cf. Second Newman Report, p. 108.

[6] cf. Report on Undergraduate Education and the Education of Teachers, Ch. III, and Newman Report I.

3. performance bonds to secure financial obligation;

4. the training and ethics of professionals must be appropriate;

5. judgment of adequate space, material, personnel:

6. quality and content of each course is reasonably adequate to achieve stated objective;

7. students are not enrolled unless reasonably certain they have potential to benefit from training;

8. appropriate credentials are awarded;

9. no deceptive advertising:

10. fair refund policy, etc.[7]

State Agency Responsible for Eligibility

Proposal H: Separate judgments of eligibility from accreditation, and place the former judgments with a State agency. The criteria would apply to the basic decision to charter an institution. Questions of continued quality in programs would continue in the province of the accreditation bodies.[8]

State Agency Responsible for Eligibility

Proposal I: Eligibility judgments rest on the basic judgment to charter held by the State. States grant a basic permit to operate and determine programs qualifying for veteran benefit monies. These two functions combine to make the basic decision on the basis of public disclosure of critical information, judgment of reasonable resources, and truth in advertising.[9]

Federal-State Cooperative Mechanism

Proposal J: Commissioner of Education sets the criteria of institutional eligibility around judgment of adequate resources, full disclosure, and truth in advertising, but the basic enforcement of such criteria is the responsibility of the States. USOE sets criteria for State agencies and is responsible for determining institutional eligibility where no appropriate State agency exists, and will provide an appeals procedure for State decisions and other special cases. Accreditation by private agencies qualifies institutions for eligibility but not limited to it.[10]

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[7] 7cf. Bell & Pettis Bill, HR 2786.

[8] cf. Russell Edgerton comments at Chicago AAHE meeting, April 25, 1974.

[9] cf. George Arnstein.

Federal-State-Private

Proposal K: A tripartite system in which two independent judgments suffice.to establish eligibility. The three approval mechanisms are State licensing, private accreditation, and a post-audit system on the part of USOE to limit, suspend, or terminate eligibility of fiscal or administrative abuses.[11]

This Report is only a limited review of the eligibility/accreditation condition. It is hoped that those responsible for decisions which touch upon this complex field will find it useful as an introduction to the continuing dialogue out of which an efficient and effective national system will emerge.

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[10] cf. Fred Pinkham.

[11] cf. Richard Fulton, testimony before the Senate Committee on Labor and Public Welfare, September 12 and 13, 1974.

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Principal Participants in The Present Eligibility System

	FEDERAL	VOLUNTARY	STATE
Mandate	OE Various Federal statutes and executive orders (See Exhibits A and C) VA Federal statutes granting dollars to veterans through State agencies FTC Statutes prohibiting deceptive acts of commerce Other Use OE list (See Exhibits B and E)	Voluntary associations of secondary and postsecondary schools with commissions for higher education Professional and specialized accreditation tied to state licensing laws Reinforcement of authority from lists being used by government and non-government bodies	Dept. of Education and Licensing By Federal and State Constitutions and certain statutes and executive orders; e.g. VA tied to regional, specialized, and professional accrediting agencies State Approving Agencies for Vocational Education and Nursing Higher Education Act of 1965 amended (See Exhibit F)
Activity	OE Recognize accrediting agencies and publish list (See Exhibits C and E) VA Distribute funds and services through states FTC Guides for approval of Vocational Education and Home Study	Regional associations accredit new institutions Reaccredit existing institutions Publish list Encourage institutional improvement; self-study, peer reviews Professional and specialized agencies accredit programs within institutions and special institutions Publish list	Charter and license institutions, license individuals, accredit institutions and programs

	FEDERAL	VOLUNTARY	STATE
Criteria	OE Applies to variety of accrediting agencies (See Exhibits D and E) VA Require minimal educational resources FTC Guides, May '72 (See Exhibits B, E, and G)	See FRACHE and standards published by each regional accrediting association or find in AIES files For professional and specialized agencies see standards filed in AIES or contact agency directly	Dept. of Education and Licensing State Board standards. See ECS digest of laws and Model State Legislation (See Exhibit F) State Approving Agencies for Vocational Education and Nursing (See Exhibits B and E plus OE files)
Enforcement and Appeal	OE Withdraw approval and therefore funds Appeal to OE Advisory Committee VA Withdrawal of approval and funds Appeal to State Board FTC Prosecute and close Appeal to courts	Withhold or withdraw recognition Appeal to regional association then to OE Professional and specialized agencies withhold or withdraw recognition Appeal to State Board, VA or AIES Appeal to courts	Withhold or withdraw institutional or individual certification Appeal to State Boards and courts

	FEDERAL	VOLUNTARY	STATE
Comment	OE Inadequately equipped to carry out expanding roles (See Exhibit F) Dealing through agencies cumbersome and does not cover all institutions VA Is Federal rather than State program Uneven, confused with State agency programs FTC New guidelines rigid and do not take into account subtleties of educational enterprise Inadequate surveillance for fraud and consumer protection	Non-proprietary, institutional base Peer evaluators - gains strength from government reliance on list Professional and specialized agencies apt to be monopolistic, self-serving, control through licensing- gain strength through government reliance on list Voluntary nature in question Tend to exclude rather than include Shallow surveillance between accrediting visits	Unequal capability and interest Accrediting, licensing, chartering roles overlap with other agencies Constitutional responsibilities, relation with Federal agencies still unclear Not adequately funded or equipped to expand approval role

Exhibit A

RESPONSIBILITY DELEGATED TO THE U.S. COMMISSIONER OF EDUCATION UNDER STATUTORY REQUIREMENTS RELATING TO INSTITUTIONAL ACADEMIC ELIGIBILITY

I. Laws Relating To Programs Administered By The Commissioner of Education. In each of the following, the term "institution of higher education" is defined as one accredited by a nationally recognized accrediting agency approved by the Commissioner. He is empowered to approve such accrediting agencies by the following sentence:

> "For purposes of this subsection, the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered."

1. 20 U.S.C. 403(b). This provision defines eligible institution of higher education for purposes of the National Defense Education Act of 1958. (P.L. 85-864 §103).

2. 20 U.S.C. 1085(b). This provision defines eligible institution of higher education for purposes of the insured student loan program under Title IV-B of the Higher Education Act of 1965. (P.L. 89-329, as amended, §435(b)).

3. 20 U.S.C. 1085(c). This provision defines eligible vocational school for purposes of the insured student loan program. It was added to Title IV-B of the Higher Education Act of 1965 by P.L. 90-575. (P.L. 89-329, as amended, §435).

4. 20 U.S.C. 1088(b) (3). This provision defines eligible proprietary institution of higher education for purposes of all programs of Title IV of the Higher Education Act of 1965, except the institutional assistance provision and the insured loan program. (P.L. 89-329, as amended, §491).

5. 20 U.S.C. 1141(a). This provision defines eligible institution of higher education for purposes of the Higher Education Act. (P.L. 89-329, as amended, §1201(a)).

6. 20 U.S.C. 1248(11). This provision defines eligible private vocational training institution under the Vocational Education Act. (P.L. 88-210, §108).

II. Laws Relating To Health Manpower. The first three of the following provisions refer to "recognized bodies approved for such purposes by the Commissioner of Education". The fourth carries a provision similar to that in the education laws, that—

> "For purposes of this subsection the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered."

1. 42 U.S.C. 293a(b). This provision defines eligible institution for purposes of grants for construction of teaching facilities for medical, dental, and other health personnel. (P.L. 88-129 §2(b)).

2. 42 U.S.C. 295f-3(b). This provision defines eligible institution for purposes of grants under the Health Professions Education Act. (P.L. 89-290 §2(a)).

3. 42 U.S.C. 295h-4(1)(D). This provision defines eligible institution for purposes of the Allied Health Professions Act. (P.L. 89-751 §2).

4. 42 U.S.C. 298b(f). This provision defines accredited program under the Nurse Training Act. (P.L. 88-581 §2).

III. Immigration and Nationality Act, 8 U.S.C. 1101(a)(15) (F). This provision governs visas for alien students seeking to enter the United States to study at a recognized educational institution. (P.L. 82-414 §101).

IV. Housing Act of 1950
12 U.S.C. 1749c(b). Eligible institution for purposes of the college housing amendment to the Housing Act is one accredited by a nationally recognized accrediting agency association. (P.L. 81-475, as amended, §404).

V. State Technical Services.
15 U.S.C. 1352(c). This provision defines qualified institutions for purposes of grants under the State Technical Services Act and notes that—

> "For purposes of this subsection the United States Commissioner of Education shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of science, engineering, or business education or training offered. (P.L. 89-182 §2).

VI. Veterans' Administration
38 U.S.C. 1775(a). This provision states that VA approved courses shall include courses that have been accredited and approved by a nationally recognized accrediting agency or association and states further that the Commissioner of Education is to publish a list of such agencies he finds to be reliable authority as to the quality of training offered. (P.L. 82-550, superseded by P.L. 88-126 §1).

VII. State Postsecondary Vocational Education Agencies.

20 U.S.C. 1087-1(b). This provision authorizes the Commissioner to publish a list of approved State accrediting agencies in the field of state postsecondary vocational education. (P. L. 89-329, as amended, §438(b)).

Prepared by: Office of General Counsel
U.S. Office of Education
September 1974

Exhibit B

GOVERNMENTAL AND NON-GOVERNMENTAL AGENCIES UTILIZING INFORMATION ABOUT THE ACCREDITED STATUS OF INSTITUTIONS AND PROGRAMS

April 1975

by
The Accreditation and Institutional Eligibility Staff

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education
Bureau of Postsecondary Education

A number of organizations, both governmental and non-governmental are concerned with the accreditation status of institutions of higher education. The Accreditation and Institutional Eligibility Staff services these organizations on a continuing basis, providing current information about accreditation and the status of educational institutions. The organizations listed below are frequently concerned with information provided by the AIE Staff:

GOVERNMENTAL AGENCIES

1. Air Force - Student nursing programs are affiliated with Air Force Hospitals. Affiliated institutions must be accredited by an agency listed by the U.S. Commissioner of Education.

2. Armed Forces Chaplains Board - Potential military chaplains must have earned degrees from institutions accredited by nationally recognized accrediting bodies.

3. Army Nurse Corps - Supports medical education programs accredited by nationally recognized accrediting associations.

4. Census Bureau - Collects basic research data from the AIE Staff on the accreditation status of postsecondary educational institutions.

5. Civil Service Commission - Candidates for Civil Service examinations must be graduates of accredited institutions in order to sit for certain examinations. The Civil Service Commission often needs historical information on the accreditation status of institutions for its credential evaluation work.

6. Department of Defense - The Army, Navy, Marine Corps, and Coast Guard consult with the U.S. Office of Education to determine the accredited status of institutions for early release programs, for determining the eligibility of personnel for educational benefits, and for granting other benefits to military personnel and their dependents.

7. Department of Housing and Urban Development - Grants are made to accredited institutions for the construction of college housing.

8. Department of Interior - Information on the accreditation status and program eligibility status of postsecondary institutions is provided for use by Indian students under

Bureau of Indian Affairs programs, as well as for micronesian students from the Trust Territory of the Pacific Islands.

9. Department of Labor, Bureau of Labor Statistics - AIE provides current information to BLS on the accredited status of institutions which the Bureau uses in the preparation of research documents.

10. Department of State - Information on the nature and quality of U.S. institutions of higher education is provided to potential foreign students by the Department of State. AIE supplies this information by reporting on the accreditation status of institutions.

11. Immigration and Naturalization Service - Before the Attorney General may approve a U.S. institution for the attendance of non-immigrant students, he is required by law to consult with the Office of Education to determine whether applicant institution is considered "an established institution of learning or other recognized place of study, is operating a bona fide school, and has the necessary facilities, personnel, and finances to instruct in recognized courses." The service required is performed by the AIE Staff at elementary, secondary, higher, and vocational-technical levels.

12. The Institute of International Education - In its quasi-official role as the agency facilitating study of students in countries other than their own, IIE utilizes the services provided by the AIES in its activities.

13. Library of Congress - Staff members call on AIE for data necessary in LC research projects and to obtain information requested directly by Members of Congress.

14. Members of Congress - Congressional offices continually contact the AIES for information about the academic and eligibility status of higher education and vocational-technical schools located in their respective districts or states.

15. National Institutes of Health - NIH requires current information on the accreditation status of institutions in order to determine the eligibility of applicants for research grants.

16. National Library of Medicine - Maintenance of current information on the accreditation status of educational institutions offering pre-medical curricula is a service performed by the NLM. This information is used across the country by medical schools evaluating credentials of potential students.

17. Office of Education - USOE program staff requires information about the accreditation status of educational institutions for administration of postsecondary programs established under the Higher Education and Vocational Education statutes. The AIES certifies to the National Center for Educational Statistics the eligibility of institutions of higher education on the basis of accreditation or an acceptable equivalent, for inclusion in the Education Directory; Higher Education, published annually by the Office of Education, and probably the most widely used publication issued by the Office. Such certification is also made for other directories.

18. Public Health Service - AIES certifies to the Surgeon General, Public Health Service, the accredited or preaccredited status of medical, dental, osteopathic, pharmaceutical, podiatric, and veterinary schools, to facilitate the administration of The Public Health Service Act. It also certifies to the Division of Nursing, PHS, the accredited status (or acceptable equivalent) in the case of nursing schools or programs at the hospital, associate, baccalaureate and higher degree levels. This includes certification of nursing schools accredited by State nurse approval agencies.

19. Social Security Administration - Students attending accredited institutions of higher education are eligible to receive survivors benefits under Social Security legislation and SSA sometimes requests AIES for this information.

20. State Departments of Education - Information on the accreditation status of institutions of higher education is requested by state teacher certification offices. Historical data are often needed by these offices.

21. State Higher Education Assistance Agencies - Information about the accreditation and eligibility status of institutions is constantly requested by these agencies which administer loans to eligible students in eligible institutions under the provisions of Title IV(b) of the Higher Education Act of 1965, as amended.

22. Veterans Administration - Information on the accreditation status of institutions is needed by the VA in their administration of the War Orphans Educational Assistance Act of 1956, Public Law 82-550, the Veterans Readjustment Assistance Act, first enunciated the responsibility of the U.S. Commissioner of Education for publishing a list of nationally recognized accrediting agencies which he determined to be reliable author-

ity as to the quality of education and training offered by educational institutions and programs. The AIES supplies the VA with information necessary for the performance of its functions under the provisions of this act.

NON-GOVERNMENTAL AGENCIES

23. American Association of University Professors - Information is frequently sought by the AAUP as membership in this organization is limited to faculty of accredited institutions of higher education.

24. College Blue Book Corporation - Requests for information on the accreditation status of institutions is made by this company for use in their publications.

25. Educational Testing Service - ETS requests information for their own internal research purposes.

26. National Education Association - The NEA utilizes information on accreditation in its research efforts.

27. International Association of Universities, Paris, France - This organization publishes a world directory every two years and requests a list from the AIE Staff of accredited U.S. institutions of higher education.

28. Peterson's Annual Guides to Graduate Study, Undergraduate Study - This corporation consults AIES for information used in compiling its guides.

29. Press (magazines and newspapers) - AIES receives requests from the press for information about institutions currently in the news including enterprises designated as degree mills or subject to such designation.

30. The Public - Many citizens request current and historical information about the accreditation and eligibility status of institutions of higher education and vocational-technical schools.

Exhibit C

THE FEDERAL ELIGIBILITY SYSTEM
AS ADMINISTERED BY THE
OFFICE OF EDUCATION

ACCREDITATION AND INSTITUTIONAL
ELIGIBILITY STAFF

OFFICE OF EDUCATION

April 7, 1975

STATUTORY AUTHORITY

The Office of Education's system for determining institutional eligibility for access to Federal funds derives from a series of 13 specific statutory mandates, passed over the last 20 years (see attached list). Some of the laws have been amended and reamended, providing as many as ten or more interrelated eligibility institutions and programs, thereby, adding to the complexity of the statutory qualifications for funding eligibility.

However, one can discern a basic common denominator or pattern of eligibility emerging from these various enactments, as noted in the attached eligibility chart. Briefly, the chart relates seven or more basic and distinct component elements of eligibility which must be considered in making an eligibility assessment or determination. These elements include: Admissions; State legal authorization; Program offerings and duration; Governance or Control; Accreditation, or its alternative. In addition, there are two "extrinsic" but universal requirements as to possible institutional exclusion from programs on religious or sectarian worship grounds, plus the affirmative requirement of Civil Rights compliance. Furthermore, the 1974 "Buckley Amendment" now adds the requirement of compliance with educational records access and transfer-release standards pursuant to the Family Educational Rights and Privacy Act of 1974.

The five primary eligibility elements noted above, with minor variations, reflect minimum standards which define institutions in five broad categories:

-- Institutions of higher education;

-- proprietary institutions of higher education;

-- vocational schools;

-- public area vocational schools; and

-- hospital schools of nursing.

The largest single category providing access to the widest range of Federal education aid is that of "institution of higher education," the definition of which focuses upon these eligibility elements:

1) ADMISSIONS: "admits as regular students only high school graduates or equivalent;"

Variations quickly arise regarding vocational schools, which can admit persons who have completed or left elementary or secondary school; also, eligibility complexities are generated by those community/junior colleges which actually practice "open door" admissions by affording access to students beyond a minimum age (e.g. 18 years) -- thereby, producing contradictions with the statutory language above.

2) AUTHORIZATION: "is legally authorized (by its State to provide programs of postsecondary education;"

3) PROGRAMS: These can vary from programs leading to baccalaureate (or higher) degrees to two-year associate degrees, to include one year or six month programs which lead to gainful employment in recognized occupations;

4) GOVERNANCE: The usual types of control considered are: public, private nonprofit, and private-for-profit, or proprietary; "nonprofit" is defined as being chartered on a nonprofit basis, plus achievement of IRS certification as a nonprofit entity.

5) ACCREDITATION: The qualitative assessment of an institution or program traditionally has been determined in American education by private, nongovernmental accrediting commissions linked to educational associations. In accordance with pertinent Federal statutes, accrediting commissions which have met specific recognition criteria established by the Commissioner of Education have their accrediting rulings utilized for purposes of Federal funding eligibility. In addition to attaining accredited or preaccredited status with a nationally recognized accrediting commission, the following alternatives to meeting the accreditation requirement have been legislatively prescribed:

   a) achievement of three institutional certifications of transfer of students and credits to three accredited colleges;

   b) interim approval by the Commissioner's Advisory Committee on Accreditation and Institutional Eligibility for categories of schools which lack access to a nationally recognized accrediting agency; this has produced interim recognition of certain schools approved by State procedures in 18 States;

c) Specific State Agency approval:

1) Under the Nurse Training Act - 8 States;

2) Under the "Mondale Amendment" for purposes of certain student financial aid programs - 12 States;

d) By a Commissioner's determination of "satisfactory assurance" of accreditation, via a procedure recently implemented under the Higher Education Act of 1965.

Thus, it seems clear that accreditation is not tantamount to, or synonymous with, institutional eligibility for funding. While the accreditation-eligibility element may be relatively laborious, expensive, and time consuming, it is only one of the range of eligibility factors imposed by law which must be satisfied. In addition, it should be recalled that these eligibility elements comprise only the first echelon of requirements which must be considered, since individual funding programs also impose their own specific, substantive eligibility requirements through regulation, after the initial steps have been met.

THE ELIGIBILITY SYSTEM IN OPERATION

In implementing the eligibility system, the Office uses the HEGIS (Higher Education General Information Survey form #2300-1) for conventional institutions of higher education; and OE form 1059, application for institutional eligibility for all other institutions. These forms provide basic institutional characteristic information, which, together with catalogs and other materials, provide information to help make initial eligibility decisions. In many instances, such information is cross-checked with State approval and licensing agencies, and with nationally recognized accrediting agencies and associations to verify accuracy. A high percentage of error is found in the information provided on these forms.

Primarily, the USOE eligibility system focuses upon the seven fundamental eligibility elements cited above (admissions, authorization, programs, control, accreditation), nonreligious status and Civil Rights compliance. Specific other data also are assembled and assessed with respect to categories of schools such as proprietary institutions; flight schools (where both FAA and VA certification approvals are required); and in addition, for unaccredited institutions, financial reports also may be obtained.

Eligibility Procedural Steps

Educational institutions may establish eligibility to apply for participation in the Federal financial aid programs provided through current legislation by meeting the pertinent statutory requirements. These requiremens differ in some respects from program to program, but institutions fulfilling the legislated requirements defining an "institution of higher education" usually are able to qualify for most of the pertinent programs administered by the Office of Education.

A postsecondary educational institution seeking to establish its eligibility for program participation is required to supply evidence for review in order to determine whether or not it meets the requisites of the particular program for which it is applying. In general, the following procedure is followed:

1) The institution asks the Office of Education for information and application forms to determine its eligibility to apply for program participation; Accreditation and Institutional Eligibility Staff (AIE Staff)

2) The Office of Education supplies guidelines, attachments and application forms (HEGIS or OE #1059) plus Civil Rights compliance forms;

3) The institution returns the completed forms, plus copies of its catalog;

4) The AIE Staff reviews the information to discover whether the institution qualifies under the statutory definitions, including necessary Civil Rights compliance;

5) When institutional eligibility status is confirmed, the AIE Staff, acting for the Commissioner, issues a certificate of eligibility listing those Federal programs and titles to which the institution may apply; the original notice is sent to the institution, plus copies to the OE program offices and units.

The initial determination of institutional eligibility is merely the first echelon, or first phase, of threshold eligibility, wherein institutions are certified to be eligible to apply for program participation. On the basis of such certification, institutions then are directly in touch with individual funding program administrators, who frequently require further information, proposal data, and other eligibility requisites which also must be met.

Termination of Eligibility

Institutional eligibility is subject to termination whenever an institution is found not to be in compliance with one of the eligibility elements. Past experience indicates that in the public and nonprofit school sector, withdrawal of accredited status is the major source of such actions (usually produced by school closures at the end of an academic year or other period), while among proprietary schools, a larger number of actions stem from changes in ownership and control.

Once an institution's failure to meet a statutory eligibility requirement is established, the following steps are taken:

1. AIE Staff notifies the institution directly, via certified mail, of the information on which termination action is being taken, effective as of the date of the letter.

2. Program Directors, Regional Offices and Guarantee Agencies for the GSLP are provided with a copy of the above letter, which is stamped "Eligibility Termination - Important - Action Required."

A new "suspension, limitation and termination" procedure now is being developed with regard to the Guaranteed Student Loan Program (only) for which regulations recently were published to implement the Commissioner's statutory authority to limit, suspend, or terminate an institution's eligibility to participate in the GSLP, notwithstanding meeting the basic legislated qualifications. The procedure includes provision for opportunity for a hearing and appeal, but it enables the Commissioner, operating through designated officials, to suspend an institution's program eligibility without notice for a short time; or, after giving notice, to suspend eligibility up to 60 days; or to limit the institution's participation as to number or volume of loans, for cause, and after notice and hearing; and ultimately, the Commissioner may terminate an institution's eligibility for cause, after notice and a hearing, which includes provisions for an appeal. These new procedures are being implemented as the new regulations become effective in April or May 1975.

OFFICE OF EDUCATION ELIGIBILITY SERVICE TO OTHER AGENCIES AND GROUPS

The attached partial listing of agencies and organizations cites 29 different agencies and audiences that are known to utilize eligibility determinations and assessments made by the Office of Education. The extent of their reliance includes:

A. Individual Institutional Determinations:

To serve the needs of the National Institutes of Health, the Justice Department's Immigration and Naturalization Service, the Department of Housing and Urban Development, the Federal Trade Commission's inquiries into "spurious degrees," the Federal Postal Service's mail fraud actions, individual institutions and programs are reviewed and specific eligibility determinations are issued.

B. Lists of Eligible Institutions:

Listings of institutions determined to be eligible for various Office of Education programs are supplied to other Federal agencies, through publications, mail correspondence and telephone responses. Among such activities assisted are the Guaranteed Student Loan Program, including its administrators, Federal and State agencies, lenders and guarantee organizations; others include the Department of Defense, Federal Aviation Administration, Veterans Administration, Social Security Administration, U.S. Civil Service Commission and other organizations as noted in the attachment.

C. Directory Publications:

In addition, lists of institutions eligible for entry in official publications are provided for various USOE documents, such as the Education Directory: Higher Education, Accredited Postsecondary Institutions, Vocational Education Directory, and Directory of Accredited Postsecondary Institutions and Programs.

For example, within the Department of Defense, use of the Higher Education Directory is known to encompass all of the uniformed military services (plus the US Coast Guard) for such purposes as: early release from service for educational reasons; admission to the Chaplaincy Corps, Nurse Corps and other specialized branches; numerous education credits awarded by the training commands, and for administration of educational benefits and services, on a world-wide basis. Use of the Directory is supplemented on a continuing basis by mail and telephone inquiries.

OFFICE OF EDUCATION USE OF OTHER AGENCIES, FEDERAL, STATE, AND PRIVATE IN ITS ELIGIBILITY DETERMINATIONS

In making its eligibility decisions, the Office of Education calls upon and relies upon, many resources outside of itself. Pertinent statutes require that an institution must be accredited by a recognized accrediting agency, or association, before it may be declared eligible for participation in Federally funded educational programs. The Office of Education has recognized 63 such agencies, and is considering additional ones which have requested recognition. If no accrediting agency exists for a particular type of institution, the Office calls upon an advisory committee, or upon other organizations for assistance, such as State approval agencies. These agencies are becoming increasingly important as the OE intensifies its efforts to protect the educational consumer.

In the private sector, in addition to the 63 accrediting agencies, the Office enlists the help of organizations such as the Council on Post-secondary Accreditation, the Institute of International Education, and similar organizations. It calls upon embassies for information about foreign schools in determining their eligibility for participation in programs such as the Federally Insured Student Loan Program.

Since an unaccredited non-profit collegiate institution can be declared eligible if three accredited schools will accept its credits for student transfer, the Office calls upon registrars of accredited institutions for information about the credits they will accept from unaccredited schools.

At the State level, in addition to the State approval agencies already mentioned, the Office relies upon actions taken by State licensure and charter offices, by State Departments of Education, by State Boards of Regents, and by State Boards in specialities such as Cosmetology or Nursing.

At the Federal level, the Office cooperates with the Federal Aviation Administration in evaluating flight schools for eligibility purposes. It cooperates with the Veterans Administration and its State approval agencies. It calls upon the Department of State for information about foreign institutions. It has used the services of the Department of Housing and Urban Development in assessing institutional financial stability.

In its efforts to safeguard the educational consumer, the Office of Education cooperates with the Office of Consumer Affairs, the U.S. Postal Service, the Federal Trade Commission, and the Justice Department. Finally, the Accreditation and Institutional Eligibility Staff of the Office of Education served as the lead agency in the preparation of a report by a subcommittee of the Federal Interagency on Education entitled Toward a Federal Strategy for Protection of the Consumer of Education.

THE INCREASING IMPORTANCE OF THE EVALUATIVE FUNCTION AND PROCESS IN ELIGIBILITY DETERMINATIONS

The need for evaluating educational offerings is basic. The classic example is the Flexner study, which in the early 1900's convinced both the public and the medical profession of the need for reform in medical education. So significant were the findings of the Flexner study, that many medical schools closed in its wake, and a system of evaluation was quickly developed to continue the evaluative process which was begun in the report. The situation which prompted the Flexner study is not unlike that which confronts the Office today, given the diverse universe of postsecondary educational institutions and activities, where there is a growing scope and range of consumer complaints and abuses of Federal funding programs, requiring a more penetrating evaluation of institutions and programs participating in Federal programs. Indeed, contrary to a body of opinion which believes that the present system for establishing eligibility for Federal programs is overly complex, cumbersome, and discriminatory, the situation is one in which there are clear and evident deficiencies which call for immediate correction.

Educational institutions or programs in this country are all subject to the States in which they are located, or in which they do business. When institutions or programs apply for eligibility for various Federal funding programs of assistance to education, they are subject to the eligibility requirements of each funding program, and, in some instances, to additional administrative requirements for each program, such as the proposed Guaranteed Student Loan Program regulations. For the large majority of institutions and programs participating in the postsecondary funding programs administered by the Office of Education, accreditation is the key eligibility factor.

The triad of State, Federal, and accreditation oversight is by necessity a complementary one. The ideal State, such as envisioned by the Education Commission of the States in its proposed model legislation for approval of private postsecondary educational institutions, sets forth minimum standards which include the institution's ability to enable students to reach its educational objectives, and assurance that it has the means of doing so. Such standards also encompass adequate, fair, and accurate information for prospective students in regard to the objectives, costs, and conditions involved. They require not only truth in advertising, but also disclosure of relevant information. The major emphasis is to provide a minimal floor for protection of the public. In current reality, the States are not varying levels of sophistication in approving educational institutions or programs, and even if all States were performing at the optimum level, there would still be variance among the States in interpreting and enforcing requirements. Federal regulations, such as the proposed FISLP regulations, primarily require the keeping of records and reports for the purpose of efficient program administration, although the FISL regulations also require the maintenance of a reasonable refund policy and the provision of basic, statistical data to the student. Accrediting agencies do not have the regulatory function inherent in State and Federal program regulation. However, they provide a depth and consistency to the evaluative process which is not present to any great degree in Federal or State regulations, and their judgments are relied upon by Federal and State authorities. Covering a wider geographic area than that of a single State, such agencies have direct access to educational expertise on a national or regional basis. This ensures against provincialism and facilitates the free movement among the States of students, faculty, and graduates in the various professions. Also, far more than establishing a minimal base of quality, such as would be accomplished by good State regulations, accrediting standards are designed to foster constant educational improvement. Removal of the special evaluative services provided by accreditation, or the failure of any part of the Federal, State, accreditation triad to function in an optimal manner, leaves our loosely-constructed educational system vulnerable to various kinds of entrepreneurial and educational abuses.

CONSEQUENCES OF THE ABSENCE OF THE EVALUATIVE FACTOR FROM THE ELIGIBILITY SYSTEM

The educational consumer and the taxpayer expect the Federal Government to invest the public funds wisely. Although the Office of Education has stressed that institutional eligibility for Federal funding does not insure quality education, the consumer and the taxpayer appear to assume that institutions which the Government has deemed eligible for Federal assistance have been appropriately evaluated and meet at least minimum levels of operational performance and quality.

The student who invests in an institution with the Government's stamp of approval expects that the training offered by that institution will help him to achieve his particular goals; he needs assurance that the educational program of the school is current and that its faculty are qualified. He wants to know that the school is financially stable and that its facilities and equipment are adequate and appropriate for the goals of the institution. The public expects that schools for health professionals, engineers, architects, and technicians produce graduates who are competent to protect the health and safety of the public. Any system which determines eligibility on the basis of quantitative data or single-purpose indicators, and excludes the evaluative process, fails to provide these assurances to the public.

Whenever the evaluative process is absent from or deficient in, any one of the three components of the eligibility system -- State regulations, accreditation, and Federal program requirements -- one consequence is the exposure of the public to a variety of educational consumer frauds.

The States, for example, play a critical role in attesting to an institution's ability to function as a bona-fide institution. In States where there is no mechanism to evaluate school facilities, advertising, and financial stability, the public is particularly easy prey to dishonest school operators. Even in States where there are licensing requirements, some institutions which are very similar to degree mills flourish. These schools are able to meet the minimal licensing requirements, but provide education of dubious quality. As it becomes more difficult to distinguish between nontraditional educational institutions and quasi-legitimate enterprises, it is evident that the evaluative apparatus of many States is not adequate to guarantee the public that it is spending its money for quality education. The need for additional concurrent but independent judgments is required.

Even when State approval systems do contain an adequate evaluative mechanism, they may fail to stimulate institutions to improve beyond minimally acceptable levels of performance. Accreditation has traditionally been relied upon to perform this function. Evaluation in the accreditation process is partly a matter of institutional or program self-evaluation, which requires the institution to identify and correct its deficiencies. Self evaluation, which is an element not usually found in the State approval process, places considerable responsibility for improvement upon the institutions or programs, themselves. Accreditation also provides for evaluation according to one set of national standards. Employers and students can thus make judgments on the basis of a school's compliance with one, rather than 50 sets of standards.

Elimination or reduction of the evaluative function from the eligibility system would mislead the public, who rely upon the Government to provide access to minimally acceptable education. It leads eventually to frauds and the waste of public funds. It also permits institutions, which also reap the benefits of public funding, to shirk responsibility for the improvement of their educational programs.

In response to the increasing awareness of educational abuses, there have been recent measures to shore up the evaluative functions within each facet of the Federal, State, accreditation triad. As mentioned previously, the Education Commission of the States has developed proposed model legislation for approval of the private postsecondary educational institutions, which contain standards relevant to the attainment of educational objectives, truth in advertising, and the disclosure of certain basic data. It should be noted also, that the model legislation affords recognition to the significance of private accreditation, and permits State agencies to accept the determinations of the accrediting agencies listed by the U.S. Commissioner of Education, provided that the State agency may make any further necessary investigations as in its judgment may be necessary. On the Federal side, the proposed Federal Insured Student Loan Program Regulations require such evaluative techniques as the assessment of a prospective student's ability to benefit from a course of study prior to his enrollment, and establish requirements for the evaluation of a participating institution's financial status. Accrediting agencies which desire recognition, or continuation of recognition, by the Commissioner of Education must demonstrate compliance with the revised Criteria for Nationally Recognized Accrediting Agencies and Associations, published on August 20, 1974, which contain such new elements as: consideration of the rights, responsibilities, and interests of students, the general public, the academic, professional or occupational fields involved, and institutions; securing of information which demonstrates that the institutions or program conducts an on-going program of evaluation of educational outputs; and maintenance of a program of validity and reliability of educational standards. The various agencies sponsoring the Federal Interagency Committee on Education have participated actively on the Committee's Subcommittee on Educational Consumer Protection, which recently developed a report on Toward a Federal Strategy for Protection of the Consumer of Education. The report gives recognition to the usefulness of each facet of the Federal, State, accreditation triad, and recommends ways for improvement of the system, including improved cooperation of the various components within it.

Exhibit D

NATIONALLY RECOGNIZED
ACCREDITING AGENCIES AND ASSOCIATIONS

CRITERIA AND PROCEDURES FOR
LISTING BY THE U.S. COMMISSIONER OF EDUCATION
AND
CURRENT LIST

JANUARY 1975

by
The Accreditation and Institutional Eligibility Staff

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Bureau of Postsecondary Education

ROLE OF VOLUNTARY ACCREDITATION

One of the distinctive features of American education is that the development and maintenance of educational standards are the responsibilities of nongovernmental, voluntary accrediting associations. The Office of Education is cognizant of the invaluable contribution which the voluntary accrediting associations have made to the development of educational quality in the Nation. It is the policy of the Office of Education generally to support and encourage the various recognized voluntary accrediting associations in their role as the primary agents in the development and maintenance of educational standards in the United States.

NATIONAL RECOGNITION OF ACCREDITING AGENCIES AND ASSOCIATIONS

ACCREDITATION IN THE UNITED STATES

The United States has no Federal ministry of education or other centralized authority exercising single national control over educational institutions in this country. The States assume varying degrees of control over education, but, in general, institutions of higher education are permitted to operate with considerable independence and autonomy. As a consequence, American educational institutions vary widely in the character and quality of their programs.

In order to insure a basic level of quality, the practice of accreditation arose in the United States as a means of conducting nongovernmental, peer evaluation of educational institutions and programs. Private educational associations of regional or national scope have adopted criteria reflecting the qualities of a sound educational program and have developed procedures for evaluating institutions or programs to determine whether or not they are operating at basic levels of quality.

FUNCTIONS OF ACCREDITATION

1. Certifying that an institution has met established standards;
2. Assisting prospective students in identifying acceptable institutions;
3. Assisting institutions in determining the acceptability of transfer credits;
4. Helping to identify institutions and programs for the investment of public and private funds;
5. Protecting an institution against harmful internal and external pressures;
6. Creating goals for self-improvement of weaker programs and stimulating a general raising of standards among educational institutions;
7. Involving the faculty and staff comprehensively in institutional evaluation and planning;
8. Establishing criteria for professional certification, licensure, and for upgrading courses offering such preparation; and
9. Providing one basis for determining eligibility for Federal assistance.

THE ACCREDITING PROCEDURE

Accrediting procedure usually involves five basic steps:

1. Standards: The accrediting agency, in collaboration with educational institutions, establishes standards.
2. Self-study: The institution or program seeking accreditation prepares a self-evaluation study that measures its performance against the standards established by the accrediting agency.
3. On-site Evaluation: A team selected by the accrediting agency visits the institution or program to determine first-hand if the applicant meets the established standards.
4. Publication: Upon being satisfied that the applicant meets its standards, the accrediting agency lists the institution or program in an official publication with other similarly accredited institutions or programs.
5. Reevaluation: The accrediting agency periodically reevaluates the institutions or programs that it lists to ascertain that continuation of the accredited status is warranted.

TYPES OF ACCREDITATION

In general there are two types of accreditation: institutional or general, and specialized or program.

Institutional accreditation is awarded by the secondary and postsecondary commissions of six regional accrediting associations which together cover the United States, American Samoa, the Canal Zone, Guam, Puerto Rico, the Trust Territory of the Pacific Islands and the Virgin Islands. The six regional accrediting agencies and States within their jurisdictions are:

Middle States Association of Colleges and Secondary Schools:
Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania, Canal Zone, Puerto Rico, Virgin Islands.

New England Association of Schools and Colleges:
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

North Central Association of Colleges and Secondary Schools:
Arizona, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, West Virginia, Wisconsin, Wyoming.

Northwest Association of Secondary and Higher Schools:
Alaska, Idaho, Montana, Nevada, Oregon, Utah, Washington.

Southern Association of Colleges and Schools:
Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia, Mexico.

Western Association of Schools and Colleges:
California, Hawaii, American Samoa, Guam, Trust Territory of the Pacific.

Regional, or institutional, accreditation applies to the total institution and signifies that the institution as a whole is achieving its objectives satisfactorily. While the procedures of the regional accrediting commissions differ somewhat in detail, their rules of eligibility, basic policies, and standards are similar. The nine postsecondary commissions of the regional associations appear on the Commissioner's list of nationally recognized accrediting associations. The regional associations also maintain seven commissions dealing with secondary education, four of which are recognized by the Commissioner. One association has established a commission for accrediting elementary schools.

Specialized or program accreditation is conferred by a number of organizations which are national in scope, rather than regional, and each of which represent a specialized area, such as architecture, cosmetology, law, practical nursing, teaching, or trade and technical education. A primary purpose of specialized accreditation is to protect the public against professional or occupational incompetence.

While many of the specialized accrediting agencies accredit schools, departments, or programs situated within collegiate or other postsecondary institutions, some of these agencies also perform evaluations of entire institutions. Such is the case when certain single purpose or other postsecondary institutions are not eligible for regional accreditation. Unlike the regional commissions, the specialized accrediting agencies and associations demonstrate marked variation among their criteria for accreditation, definitions of eligibility, and operating procedures. There are 49 national specialized accrediting agencies and associations recognized by the U.S. Commissioner of Education, one of which functions at the secondary level.

In view of the differing emphases of the two types of accreditation, institutional accreditation by the regional commissions should not be considered as being equivalent to specialized accreditation. Institutional accreditation does not validate a specialized program or institutional division in the same manner and to the same extent as does specialized accreditation.

Further, while accreditation by a nationally recognized accrediting agency listed by the U.S. Commissioner of Education is one of the most reliable indices of educational quality available in this country, and signifies that an institution or program has met certain standards of educational quality, accredited institutions or programs should not be considered to be equal in quality.

Also, neither institutional nor specialized accreditation necessarily gives assurance of the transferability of credit earned in one institution to another or of acceptance of graduates by employers. Acceptance of students or graduates is always the prerogative of the receiving institution or employing organization.

For these reasons, students should take other measures to determine whether their educational goals will be met, prior to enrollment. These measures include checks with prospective employers or institutions to which transfers are desired and personal inspection of the institution in which enrollment is contemplated.

NATIONAL RECOGNITION

For purposes of determining eligibility for United States Government assistance under certain legislation, the U.S. Commissioner of Education is required to publish a list of nationally recognized accrediting agencies and associations which he determines to be reliable authorities as to the quality of training offered by educational institutions and programs. Most institutions thus attain eligibility for Federal funds by way of accreditation or preaccreditation by one of the accrediting bodies recognized by the Commissioner of Education. In some legislation, provision is made for special qualifying steps that may be taken as alternatives to the normal accreditation process.

The commissions of the regional associations and the national accrediting agencies which are recognized by the Commissioner have no legal control over educational institutions or programs. They promulgate standards of quality or criteria of institutional excellence and approve or admit to membership those institutions that meet the standards or criteria.

THE ACCREDITATION AND INSTITUTIONAL ELIGIBILITY STAFF

In the summer of 1968, the Commissioner of Education established a special staff to deal with accreditation and eligibility matters. Located in the Bureau of Postsecondary Education, the staff, the Accreditation and Institutional Eligibility Staff, has the following major functions:

1. Continuous review of procedures, policies, and issues in the area of the Office of Education's interests and responsibilities relative to accreditation and eligibility for funding;
2. Administration of the eligibility for funding process;
3. Administration of the process whereby accrediting associations secure initial and renewed recognition by the Commissioner of Education;
4. Liaison with accrediting associations;
5. Consultative services to institutions, associations, other Federal agencies, and Congress regarding accreditation and eligibility for funding considerations;

6. Interpretation and dissemination of policy relative to accreditation and eligibility for funding issues in the case of all appropriate programs administered by the Office of Education;
7. Conduct and stimulation of appropriate research; and
8. Support for the Commissioner's Advisory Committee on Accreditation and Institutional Eligibility.

ADVISORY COMMITTEE ON ACCREDITATION AND INSTITUTIONAL ELIGIBILITY

Established by charter under the Federal Advisory Committee Act (P.L. 92-463), the Advisory Committee is composed of 15 members selected from various segments of the secondary and postsecondary education community, the student/youth population, State departments of education, professional associations and the general public.

The Committee functions to assist the U.S. Commissioner of Education in the performance of eligibility determining duties imposed by P.L. 82-550, the Veterans' Readjustment Assistance Act of 1952, and subsequent legislation. It also serves to advise him on broader policy matters and specific issues relating to accreditation and institutional eligibility for Federal funding. Specifically, the Committee is mandated to:

1. Review all current and future policies relating to the responsibility of the Commissioner for the recognition and designation of accrediting agencies and associations wishing to be designated as nationally recognized accrediting agencies and associations, and recommend desirable changes in criteria and procedures;

2. Review all current and future policies relating to the responsibility of the Commissioner for the recognition and listing of State agencies wishing to be designated as reliable authority as to the quality of public postsecondary vocational education, and of nurse education, and recommend desirable changes in criteria and procedures;

3. Review and advise the Commissioner of Education in the formation of all current and future policy relating to the matter of institutional eligibility;

4. Review the provisions of current legislation affecting Office of Education responsibility in the area of accreditation and institutional eligibility and suggest needed changes;

5. Develop and recommend to the Commissioner of Education criteria and procedures for the recognition and designation of accrediting agencies and associations in accordance with legislative provisions, Presidential directives, or interagency agreements;

6. Review and recommend to the Commissioner of Education for designation as nationally recognized accrediting agencies and associations of reliable authority all applicant accrediting agencies and associations which meet criteria established under (5) above;

7. Develop and recommend to the Commissioner of Education criteria and procedures for the recognition, designation and listing of State agencies in accordance with statutory provisions, Executive Orders, or interagency agreements;

8. Review and recommend to the Commissioner of Education for designation as State agencies of reliable authority as to the quality of public postsecondary vocational education, and of nurse education, all applicant State agencies which meet criteria established under (7) above;

9. Develop, under the authority of the Vocational Education Act of 1963, as amended, and recommend for the approval of the Commissioner of Education, standards and criteria for specific categories of vocational training institutions which have no alternative route by which to establish eligibility for Federal funding programs;

10. Develop, under the authority of the Higher Education Act of 1965, as amended, and recommend for the approval of the Commissioner of Education, standards and criteria for specific categories of institutions of higher education, for which there is no recognized accrediting agency or association, in order to establish eligibility for Federal funding programs;

11. Maintain a continuous review of Office of Education administrative practice, procedures and judgments and advise the Commissioner of needed changes;

12. Keep within its purview the accreditation and approval process as it develops in all levels of education;

13. Advise the Commissioner of Education concerning the relations of the Office with accrediting agencies or associations, or other approval bodies as the Commissioner may request;

14. Advise the Commissioner of Education, pursuant to the Bureau of the Budget (Office of Management and Budget) policy dated December 23, 1954, regarding the award of degree-granting status to Federal agencies and institutions;

15. Not later than March 31 of each year, make an annual report of its activities, findings and recommendations.

CRITERIA AND PROCEDURES FOR RECOGNITION OF NATIONALLY RECOGNIZED ACCREDITING AGENCIES AND ASSOCIATIONS

The following information concerning the criteria and procedures for recognizing national accrediting bodies was published in the Federal Register on August 20, 1974, under Title 45—Public Welfare, Chapter I—Office of Education, Department of Health, Education, and Welfare.

PART 149—COMMISSIONER'S RECOGNITION PROCEDURES FOR NATIONAL ACCREDITING BODIES AND STATE AGENCIES

Subpart A—Criteria for Nationally Recognized Accrediting Agencies and Associations

Sec.
149.1 Scope.
149.2 Definitions.
149.3 Publication of list.
149.4 Inclusion on list.
149.5 Initial recognition; renewal of recognition.
149.6 Criteria.

H

Authority: 20 U.S.C. 403(b), 1085(b), 1141(a), 1248(11); 42 U.S.C. 293a (b), 295f-3(b), 295h-4(1)(D), 298b(f); 8 U.S.C. 1101(a)(15)(F); 12 U.S.C. 1749c(b); 38 U.S.C. 1775(a).

SUBPART A—Criteria for Nationally Recognized Accrediting Agencies and Associations

§ 149.1 Scope.

Accreditation of institutions or programs of institutions by agencies or associations nationally recognized by the U.S. Commissioner of Education is a prerequisite to the eligibility for federal financial assistance of institutions and of the students attending such institutions under a wide variety of Federally supported programs. The recognition of such agencies is reflected in lists published by the Commissioner in the FEDERAL REGISTER. Inclusion on such list is dependent upon the Commissioner's finding that any such recognized agency or association is reliable authority as to the quality of training offered. The Commissioner's recognition is granted and the agency or association is included on the list only when it meets the criteria established by the Commissioner and set forth in § 149.6 of this part.

§ 149.2 Definitions.

"Accrediting" means the process whereby an agency or association grants public recognition to a school, institute, college, university, or specialized program of study which meets certain established qualifications and educational standards, as determined through initial and periodic evaluations. The essential purpose of the accreditation process is to provide a professional judgment as to the quality of the educational institution or program(s) offered, and to encourage continual improvement thereof;

"Adverse accrediting action" means denial of accreditation or preaccreditation status or the withdrawal of accreditation or preaccreditation status;

"Agency or association" means a corporation, association, or other legal entity or unit thereof which has the principal responsibility for carrying out the accrediting function;

"Institutional accreditation" applies to the total institution and signifies that the institution as a whole is achieving its educational objectives satisfactorily;

"Regional" means the conduct of institutional accreditation in three or more States;

"Representatives of the public" means representatives who are laymen in the sense that they are not educators in, or members of the profession for which the students are being prepared, nor in any way are directly related to the institutions or programs being evaluated;

"States" includes the District of Columbia and territories and possessions of the United States.
(20 U.S.C. 1141(a))

§ 149.3 Publication of list.

Periodically the U.S. Commissioner of Education will publish a list in the FEDERAL REGISTER of the accrediting agencies and associations which he determines to be reliable authorities as to the quality of training offered by educational institutions or programs, either in a geographical area or in a specialized field. The general scope of the recognition granted to each of the listed accrediting bodies will also be listed.
(20 U.S.C. 1141(a))

§ 149.4 Inclusion on list.

Any accrediting agency or association which desires to be listed by the Commissioner as meeting the criteria set forth in § 149.6 should apply in writing to the Director, Accreditation and Institutional Eligibility Staff, Bureau of Postsecondary Education, Office of Education, Washington, D. C. 20202.

§ 149.5 Initial recognition and renewal of recognition.

(a) For initial recognition and for renewal of recognition, the accrediting agency or association will furnish information establishing its compliance with the criteria set forth in § 149.6. This information may be supplemented by personal interviews or by review of the agency's facilities, records, personnel qualifications, and administrative management. Each agency listed will be reevaluated by the Commissioner at his discretion, but at least once every four years. No adverse decision will become final without affording opportunity for a hearing.

(b) In view of the criteria set forth in § 149.6, it is unlikely that more than one association or agency will qualify for recognition (1) in a defined geographical area of jurisdiction or (2) in a defined field of program specialization within secondary or postsecondary education. If two or more separate organizations in a defined field do seek recognition, they will both be expected to demonstrate need for their activities and show that their accrediting activities do not unduly disrupt the affected institution or program.
(20 U.S.C. 1141(a))

§ 149.6 Criteria.

In requesting designation by the U.S. Commissioner of Education as a nationally recognized accrediting agency or association, an accrediting agency or association must show:

(a) Functional aspects. Its functional aspects will be demonstrated by:

(1) Its scope of operations:

(i) The agency or association is national or regional in its scope of operations.

(ii) The agency or association clearly defines in its charter, by-laws or accrediting standards the scope of its activities, including the geographical area and the types and levels of institutions or programs covered.

(2) Its organization:

(i) The agency or association has the administrative personnel and procedures to carry out its operations in a timely and effective manner.

(ii) The agency or association defines its fiscal needs, manages its expenditures, and has adequate financial resources to carry out its operations, as shown by an externally audited financial statement.

(iii) The agency's or association's fees, if any, for the accreditation process do not exceed the reasonable cost of sustaining and improving the process.

(iv) The agency or association uses competent and knowledgeable persons, qualified by experience and training, and selects such persons in accordance with nondiscriminatory practices: (A) to participate on visiting evaluation teams; (B) to engage in consultative services for the evaluation and accredition process; and (C) to serve on policy and decision-making bodies.

(v) The agency or association includes on each visiting evaluation team at least one person who is not a member of its policy or decision-making body or its administrative staff.

(3) Its procedures:

(i) The agency or association maintains clear definitions of each level of accreditation status and has clearly written procedures for granting, denying, reaffirming, revoking, and reinstating such accredited statuses.

(ii) The agency or association, if it has developed a preaccreditation status, provides for the application of criteria and procedures that are related in an appropriate manner to those employed for accreditation.

(iii) The agency or association requires, as an integral part of its accrediting process, institutional or program self-analysis and an on-site review by a visiting team.

(A) The self-analysis shall be a qualitative assessment of the strengths and limitations of the institution or program, including the achievement of institutional or program objectives, and should involve a representative portion of the institution's administrative staff, teaching faculty, students, governing body, and other appropriate constituencies.

(B) The agency or association provides written and consultative guidance to the institution or program and to the visiting team.

(b) Responsibility. Its responsibility will be demonstrated by the way in which —

(1) Its accreditation in the field in which it operates serves clearly identified needs, as follows:

(i) The agency's or association's accreditation program takes into account the rights, responsibilities, and interests of students, the general public, the academic, professional, or occupational fields involved, and institutions.

(ii) The agency's or association's purposes and objectives are clearly defined in its charter, by-laws, or accrediting standards.

(2) It is responsive to the public interest, in that:

(i) The agency or association includes representatives of the public in its policy and decision-making bodies, or in an advisory or consultative capacity that assures attention by the policy and decision-making bodies.

(ii) The agency or association publishes or otherwise makes publicly available:

(A) The standards by which institutions or programs are evaluated;

(B) The procedures utilized in arriving at decisions regarding the accreditation status of an institution or program;

(C) The current accreditation status of institutions or programs and the date of the next currently scheduled review or reconsideration of accreditation;

(D) The names and affiliations of members of its policy and decision-making bodies, and the name(s) of its principal administrative personnel;

(E) A description of the ownership, control and type of legal organization of the agency or association.

(iii) The agency or association provides advance notice of proposed or revised standards to all persons, institutions, and organizations significantly affected by its accrediting process, and provides such persons, institutions and organizations adequate opportunity to comment on such standards prior to their adoption.

(iv) The agency or association has written procedures for the review of complaints pertaining to institutional or program quality, as these relate to the agency's standards, and demonstrates that such procedures are adequate to provide timely treatment of such complaints in a manner that is fair and equitable to the complainant and to the institution or program.

(3) It assures due process in its accrediting procedures, as demonstrated in part by:

(i) Affording initial evaluation of the institutions or programs only when the chief executive officer of the institution applies for accreditation of the institution or any of its programs;

(ii) Providing for adequate discussion during an on-site visit between the visiting team and the faculty, administrative staff, students, and other appropriate persons;

(iii) Furnishing, as a result of an evaluation visit, a written report to the institution or program commenting on areas of strengths, areas needing improvement and, when appropriate, suggesting means of improvement and including specific areas, if any, where the institution or program may not be in compliance with the agency's standards;

(iv) Providing the chief executive officer of the institution or program with an opportunity to comment upon the written report and to file supplemental materials pertinent to the facts and conclusions in the written report of the visiting team before the accrediting agency or association takes action on the report;

(v) Evaluating, when appropriate, the report of the visiting team in the presence of a member of the team, preferably the chairman;

(vi) Providing for the withdrawal of accreditation only for cause, after review, or when the institution or program does not permit reevaluation, after due notice;

(vii) Providing the chief executive officer of the institution with a specific statement of reasons for any adverse accrediting action, and notice of the right to appeal such action;

(viii) Establishing and implementing published rules of procedure regarding appeals which will provide for:

(A) No change in the accreditation status of the institution or program pending disposition of an appeal;

(B) Right to a hearing before the appeal body;

(C) Supplying the chief executive officer of the institution with a written decision of the appeal body, including a statement of specifics.

(4) It has demonstrated capability and willingness to foster ethical practices among the institutions or programs which it accredits, including equitable student tuition refunds and nondiscriminatory practices in admissions and employment.

(5) It maintains a program of evaluation of its educational standards designed to assess their validity and reliability.

(6) It secures sufficient qualitative information regarding the institution or program which shows an on-going program of evaluation of outputs consistent with the educational goals of the institution or program.

(7) It encourages experimental and innovative programs to the extent that these are conceived and implemented in a manner which ensures the quality and integrity of the institution or program.

(8) It accredits only those institutions or programs which meet its published standards, and demonstrates that its standards, policies, and procedures are fairly applied and that its evaluations are conducted and decisions rendered under conditions that assure an impartial and objective judgment.

(9) It reevaluates at reasonable intervals institutions or programs which it has accredited.

(10) It requires that any reference to its accreditation of accredited institutions and programs clearly specifies the areas and levels for which accreditation has been received.

(c) Reliability. Its reliability is demonstrated by --

(1) Acceptance throughout the United States of its policies, evaluation methods, and decisions by educators, educational institutions, licensing bodies, practitioners, and employers;

(2) Regular review of its standards, policies and procedures, in order that the evaluative process shall support constructive analysis, emphasize factors of critical importance, and reflect the educational and training needs of the student;

(3) Not less than two years' experience as an accrediting agency or association;

(4) Reflection in the composition of its policy and decisionmaking bodies of the community of interests directly affected by the scope of its accreditation.

(d) Autonomous. Its autonomy is demonstrated by evidence that --

(1) It performs no function that would be inconsistent with the formation of an independent judgment of the quality of an educational program or institution;

(2) It provides in its operating procedures against conflict of interest in the rendering of its judgments and decisions.

(20 U.S.C. 1141(a))

RECOGNIZED ACCREDITING AGENCIES

Regional Accrediting Commissions

Middle States Association of Colleges and Secondary Schools
Harry W. Porter, Executive Secretary
Commission on Higher Education
Gateway One, Raymond Plaza West
Newark, New Jersey 07102

New England Association of Schools and Colleges
Robert R. Ramsey, Jr., Director of Evaluation
Commission on Institutions of Higher Education
131 Middlesex Turnpike
Burlington, Massachusetts 01803

Ralph O. West, Director of Evaluation
Commission on Independent Schools
131 Middlesex Turnpike
Burlington, Massachusetts 01803

Richard J. Bradley, Director of Evaluation
Commission on Public Schools
131 Middlesex Turnpike
Burlington, Massachusetts 01803

Daniel S. Maloney, Director of Evaluation
Commission on Vocational Technical Institutions
131 Middlesex Turnpike
Burlington, Massachusetts 01803

North Central Association of Colleges and Secondary Schools
Commission on Institutions of Higher Education
Norman Burns, Director of the Commission
Joseph J. Semrow, Executive Director
5454 South Shore Drive
Chicago, Illinois 60615

Executive Secretary, (Vacant)
Commission on Secondary Schools
5454 South Shore Drive
Chicago, Illinois 60615

Northwest Association of Schools and Colleges
James F. Bemis, Executive Director
Commission on Higher Schools
3700-B University Way, N.E.
Seattle, Washington 98105

Southern Association of Colleges and Schools
Gordon W. Sweet, Executive Secretary
Commission on Colleges
795 Peachtree Street, N.E.
Atlanta, Georgia 30308

Bob E. Childers, Executive Secretary
Commission on Occupational Education Institutions
795 Peachtree Street, N.E.
Atlanta, Georgia 30308

Western Association of Schools and Colleges
Harry D. Wiser, Executive Secretary
Accrediting Commission for Junior Colleges
Post Office Box 4065
Modesto, California 95352

J. Wesley Berry, Executive Director
Accrediting Commission for Secondary Schools
1499 Bayshore Highway
Burlingame, California 94010

Kay J. Andersen, Executive Director
Accrediting Commission for Senior Colleges
and Universities
c/o Mills College
Oakland, California 94613

Board of Regents (for institutions within New York State registered by the Office of Higher Eduation, the State Education Department)

Ewald Nyquist, Commissioner of Education
State Education Department
The University of the State of New York
Albany, New York 12224

National Specialized Accrediting Agencies and Associations

ARCHITECTURE
(5-year programs leading to a professional degree)
National Architectural Accrediting Board, Inc.
Hugo G. Blasdel, Executive Director
1735 New York Avenue, N.W.
Washington, D. C. 20006

ART
(professional schools and programs)
National Association of Schools of Art
William Lewis, Director
Commission on Accrediting
College of Architecture and Design
University of Michigan
Ann Arbor, Michigan 48104

ASSISTANT TO THE PRIMARY CARE PHYSICIAN
(programs for the assistant to the primary care physician)
Council on Medical Education, American Medical Association, in cooperation with the Joint Review Committee on Educational Programs for the Assistant to the Primary Care Physician, which is sponsored by the American Academy of Family Physicians, American Academy of Pediatrics, American College of Physicians and American Society of Internal Medicine
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

BIBLE COLLEGE EDUCATION
(3-year institutes and 4- and 5-year colleges)
American Association of Bible Colleges
John Mostert, Executive Director
Box 543
Wheaton, Illinois 60187

BLIND AND VISUALLY HANDICAPPED EDUCATION
(residential schools for the blind)
National Accreditation Council for Agencies Serving the Blind and Visually Handicapped
Alexander F. Handel, Executive Director
79 Madison Avenue
New York, New York 10016

BLOOD BANK TECHNOLOGY
(programs for the specialist in blood bank technology)
Council on Medical Education, American Medical Association, in cooperation with the National Accrediting Agency for Clinical Laboratory Sciences, which is sponsored by the American Society for Medical Technology and the American Society of Clinical Pathologists, and in collaboration with the American Association of Blood Banks
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

BUSINESS
(baccalaureate and master's degree programs)
American Assembly of Collegiate Schools of Business
Jesse M. Smith, Jr., Managing Director
760 Office Parkway, Suite 50
St. Louis, Missouri 63141

(private junior and senior colleges of business, and private business schools)
Association of Independent Colleges and Schools
Dana R. Hart, Executive Secretary
Accrediting Commission
1730 M Street, N.W.
Washington, D. C. 20036

CERTIFIED LABORATORY ASSISTANT EDUCATION
(educational programs for the certified laboratory assistant)
Council on Medical Education, American Medical Association, in cooperation with the National Accrediting Agency for Clinical Laboratory Sciences, which is sponsored by the American Society for Medical Technology and the American Society of Clinical Pathologists
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

CHIROPRACTIC
(programs leading to the D. C. degree)
Council on Chiropractic Education
Orval L. Hidde, Chairman
Commission on Accreditation
1434 East Main Street
Watertown, Wisconsin 53094

CLINICAL PASTORAL EDUCATION
(professional training certers)
Association for Clinical Pastoral Education
Charles E. Hall, Jr., Executive Director
Interchurch Center, Suite 450
475 Riverside Drive
New York, New York 10027

COSMETOLOGY
(cosmetology schools and programs)
Cosmetology Accrediting Commission
James R. Taylor, Executive Director
25755 Southfield Road
Southfield, Michigan 48075

CYTOTECHNOLOGY
(educational programs for the cytotechnologist)
Council on Medical Education, American Medical Association, in cooperation with the National Accrediting Agency for Clinical Laboratory Sciences, which is sponsored by the American Society for Medical Technology and the American Society of Clinical Pathologists
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

DENTISTRY
(programs leading to D.D.S. or D.M.D. degrees, advanced dental specialty programs, general practice residency programs and programs in dental hygiene, dental assisting and dental technology)
American Dental Association
Thomas J. Ginley, Secretary
Commission on Accreditation of Dental and Dental Auxiliary Programs
211 East Chicago Avenue
Chicago, Illinois 60611

DIETETICS
(coordinated undergraduate programs in dietetics and dietetic internships)
American Dietetic Association
Gloria Myers, Coordinator, Program Evaluation
620 North Michigan Avenue
Chicago, Illinois 60611

ENGINEERING
(first professional degree programs in engineering, graduate programs leading to advanced entry into the engineering profession, and associate and baccalaureate degree programs in engineering technology)
Engineers' Council for Professional Development
David R. Reyes-Guerra, Executive Director
345 East 47th Street
New York, New York 10017

FORESTRY

(professional schools)
Society of American Foresters
Donald R. Theoe, Director of Professional Programs
1010 - 16th Street, N.W.
Washington, D. C. 20036

FUNERAL SERVICE EDUCATION

(independent schools and collegiate departments)
American Board of Funeral Service Education
William H. Ford, Administrator
201 Columbia Street
Fairmont, West Virginia 26554

HISTOLOGIC TECHNOLOGY

(programs for the histologic technician)
Council on Medical Education, American Medical Association, in cooperation with the National Accrediting Agency for Clinical Laboratory Sciences, which is sponsored by the American Society for Medical Technology and the American Society of Clinical Pathologists
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

HOME STUDY EDUCATION

(private correspondence schools)
National Home Study Council
William A. Fowler, Executive Secretary
Accrediting Commission
1601 - 18th Street, N.W.
Washington, D. C. 20009

HOSPITAL ADMINISTRATION

(graduate programs)
Accrediting Commission on Graduate Education for Hospital Administration
Gary L. Filerman, Executive Secretary
One Dupont Circle, N.W.
Washington, D. C. 20036

JOURNALISM

(baccalaureate professional programs)
American Council on Education for Journalism
Baskett Mosse, Executive Secretary
Accrediting Committee
Northwestern University
215 Fisk Hall
Evanston, Illinois 60201

LANDSCAPE ARCHITECTURE

(first professional degree programs)
American Society of Landscape Architects
Gary O. Robinette, Associate Executive Director
1750 Old Meadow Road
McLean, Virginia 22101

LAW
(professional schools)
American Bar Association
Frederick R. Franklin, Staff Director
Section of Legal Education and Admissions to the Bar
1155 East 60th Street
Chicago, Illinois 60637

LIBRARIANSHIP
(5-year programs leading to the master's degree)
American Library Association
Agnes L. Reagan, Accreditation Officer
Committee on Accreditation
50 East Huron Street
Chicago, Illinois 60611

MEDICAL ASSISTANT
(private medical assistant educational institutions and programs)
Accrediting Bureau of Medical Laboratory Schools
Hugh A. Woosley, Administrator
3038 West Lexington Avenue, Oak Manor Offices
Elkhart, Indiana 46514

(one- and two-year medical assistant programs)
Council on Medical Education, American Medical Association, in cooperation with the Curriculum Review Board, American Association of Medical Assistants
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

MEDICAL LABORATORY TECHNICIAN EDUCATION
(technical schools and programs)
Accrediting Bureau of Medical Laboratory Schools
Hugh A. Woosley, Administrator
3038 West Lexington Avenue, Oak Manor Offices
Elkhart, Indiana 46514

(technical programs)
Council on Medical Education, American Medical Association, in cooperation with the National Accrediting Agency for Clinical Laboratory Sciences, which is sponsored by the American Society for Medical Technology and the American Society of Clinical Pathologists
C. H. Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

MEDICAL RECORD EDUCATION
(programs for medical record adminstrators and medical record technicians)
Council on Medical Education, American Medical Association, in cooperation with the Education and Registration Committee, American Medical Record Association
C. H. Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

MEDICAL TECHNOLOGY

(professional programs)

Council on Medical Education, American Medical Association, in cooperation with the National Accrediting Agency for Clinical Laboratory Sciences, which is sponsored by the American Society for Medical Technology and the American Society of Clinical Pathologists

C. H. Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

MEDICINE

(programs leading to the M.D. degree)

Liaison Committee on Medical Education representing the Council on Medical Education, American Medical Association, and the Executive Council, Association of American Medical Colleges

(in even-numbered years)
C. H. William Ruhe, Secretary
Council on Medical Education
American Medical Association
535 North Dearborn Street
Chicago, Illinois 60610

(in odd-numbered years)
John A. D. Cooper, President
Association of American Medical Colleges
One Dupont Circle, N.W., Suite 200
Washington, D. C. 20036

MUSIC

(baccalaureate and graduate degree programs)

National Association of Schools of Music
Robert Glidden, Executive Secretary
One Dupont Circle, N.W., Suite 650
Washington, D. C. 20036

NUCLEAR MEDICINE TECHNOLOGY

(programs for the nuclear medicine technologist and nuclear medicine technician)

Council on Medical Education, American Medical Association, in cooperation with the Joint Review Committee on Educational Programs in Nuclear Medicine Technology, which is sponsored by the American College of Radiology, American Society of Clinical Pathologists, American Society for Medical Technology, American Society of Radiologic Technologists, Society of Nuclear Medicine Technologists and Society of Nuclear Medicine

C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

NURSING

(professional schools of nurse anesthesia)

American Association of Nurse Anesthetists
Bernice O. Baum, Executive Director
111 East Wacker Drive
Chicago, Illinois 60601

(practical nurse programs)

National Association for Practical Nurse Education and Service
Lucille L. Etheridge, Executive Director
122 East 42nd Street
New York, New York 10017

(professional, technical and practical nurse programs)
National League for Nursing
Margaret E. Walsh, General Director and Secretary
10 Columbus Circle
New York, New York 10019

OCCUPATIONAL THERAPY
(professional programs)
Council on Medical Education, American Medical Association, in cooperation with the Accreditation Committee, American Occupational Therapy Association
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

OCCUPATIONAL, TRADE AND TECHNICAL EDUCATION
(private trade and technical schools)
National Association of Trade and Technical Schools
William A. Goddard, Secretary
Accrediting Commission
2021 L Street, N.W.
Washington, D. C. 20036

OPTOMETRY
(professional programs)
American Optometric Association
Ellis S. Smith, Jr., Executive Secretary
Council on Optometric Education
7000 Chippewa Street
St. Louis, Missouri 63119

OSTEOPATHIC MEDICINE
(programs leading to the D. O. degree)
American Osteopathic Association
Philip Pletcher, Director
Office of Osteopathic Education
212 East Ohio Street
Chicago, Illinois 60611

PHARMACY
(professional schools)
American Council on Pharmaceutical Education
Fred T. Mahaffey, Secretary
77 West Washington Street
Chicago, Illinois 60602

PHYSICAL THERAPY
(professional programs)
Council on Medical Education, American Medical Association, in cooperation with the Committee on Accreditation in Education, American Physical Therapy Association
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

PODIATRY

(baccalaureate and graduate degree programs)

American Podiatry Association
John L. Bennett, Director
Council on Podiatry Education
20 Chevy Chase Circle, N.W.
Washington, D. C. 20015

PSYCHOLOGY

(doctoral and internship programs in clinical and counseling psychology, and doctoral programs in school psychology)

American Psychological Association
Ronald B. Kurz, Associate Educational Affairs Officer
1200 - 17th Street, N.W.
Washington, D. C. 20036

PUBLIC HEALTH

(graduate professional schools of public health)

Council on Education for Public Health
Janet Strauss, Executive Director
c/o American Public Health Association
1015 - 18th Street, N.W.
Washington, D. C. 20036

RABBINICAL AND TALMUDIC EDUCATION

(rabbinical and Talmudic schools)

Association of Advanced Rabbinical and Talmudic Schools
Abraham J. Tannenbaum, Executive Director
Accreditation Commission
175 Fifth Avenue, Room 711
New York, New York 10010

RADIOLOGIC TECHNOLOGY

(two-year programs for radiologic technologists and radiation therapy technologists)

Council on Medical Education, American Medical Association, in cooperation with the Joint Review Committee on Education in Radiologic Technology, which is sponsored by the American College of Radiology and the American Society of Radiologic Technologists
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

RESPIRATORY THERAPY

(programs for respiratory therapists and respiratory therapy technicians)

Council on Medical Education, American Medical Association, in cooperation with the Joint Review Committee for Respiratory Therapy Education, which is sponsored by the American Association for Respiratory Therapy, American College of Chest Physicians, American Society of Anesthesiologists and American Thoracic Society
C. H. William Ruhe, Secretary
Council on Medical Education
535 North Dearborn Street
Chicago, Illinois 60610

SOCIAL WORK

(master's and baccalaureate degree programs)
Council on Social Work Education
Alfred Stamm, Director
Division of Educational Standards and Accreditation
345 East 46th Street
New York, New York 10017

SPEECH PATHOLOGY AND AUDIOLOGY

(master's degree programs)
American Speech and Hearing Association
Gene Powers, Chairman
Education and Training Board
9030 Old Georgetown Road
Washington, D. C. 20014

TEACHER EDUCATION

(baccalaureate and graduate degree programs)
National Council for Accreditation of Teacher Education
Rolf W. Larson, Director
1750 Pennsylvania Avenue, N.W.
Washington, D. C. 20006

THEOLOGY

(graduate professional schools)
Association of Theological Schools in the United States and Canada
Jesse H. Ziegler, Executive Director
Post Office Box 396
Vandalia, Ohio 45377

VETERINARY MEDICINE

(programs leading to D.V.M. or V.M.D. degrees)
American Veterinary Medical Association
W. M. Decker, Director of Scientific Activities
600 South Michigan Avenue
Chicago, Illinois 60605

ASSOCIATIONS AND AGENCIES RECOGNIZED FOR THEIR PREACCREDITATION CATEGORIES

The following nationally recognized accrediting agencies and associations are currently recognized by the Commissioner as reliable authorities to establish satisfactory assurance through awarding preaccreditation status to educational institutions and programs.

Regional Accrediting Commissions

Middle States Association of Colleges and Secondary Schools
Commission on Higher Education - "Candidate for Accreditation"

New England Association of Schools and Colleges
Commission on Institutions of Higher Education — "Candidate for Accreditation"

Commission on Independent Secondary Schools — "Recognition of Candidacy for Accreditation," "Correspondent"

Commission on Public Secondary Schools -- "Recognition of Candidacy for Accreditation"

Commission on Vocational Technical Institutions -- "Recognized Candidate for Accreditation"

North Central Association of Colleges and Secondary Schools
Commission on Institutions of Higher Education - "Candidate for Accreditation"

Northwest Association of Secondary and Higher Schools
Commission on Higher Schools -- "Candidate for Accreditation"

Southern Association of Colleges and Schools
Commission on Colleges -- "Candidate for Accreditation"

Commission on Occupational Education Institutions -- "Affiliate"

Western Association of Schools and Colleges
Accrediting Commission for Junior Colleges -- "Candidate for Accreditation"

Accrediting Commission for Secondary Schools -- "Candidate for Accreditation"

Accrediting Commission for Senior Colleges and Universities -- "Candidate for Accreditation"

National Specialized Accrediting Agencies and Associations

American Association of Bible Colleges -- "Associate"

American Association of Nurse Anesthetists
Approval of Schools Committee -- "Preaccreditation"
"Provisional Accreditation"

American Dental Association
Commission on Accreditation of Dental and Dental Auxiliary Programs -- "Accreditation Eligible"
"Reasonable Assurance"
"Preliminary Approval"

American Optometric Association
Council on Optometric Education -- "Accreditation Eligible"
"Preliminary Approval"

American Osteopathic Association
Office of Osteopathic Education -- "Preaccreditation Status"
"Provisional Approval"

American Veterinary Medical Association
Council on Education -- "Reasonable Assurance of Accreditation"

National Association of Schools of Art
    Commission on Accrediting — "Candidacy Status"

National League for Nursing
    Boards of Review for Diploma Programs, Associate Degree Programs, Baccalaureate and Higher Degree Programs — "Reasonable Assurance of Accreditation"

DIRECTORY OF ACCREDITED POSTSECONDARY INSTITUTIONS AND PROGRAMS

The Directory is an annual publication prepared by the Accreditation and Institutional Eligibility Staff of the U.S. Office of Education. It contains lists of educational institutions and programs having accredited status or recognized preaccredited status with the regional and specialized accrediting agencies and associations listed by the U.S. Commissioner of Education. Copies of the Directory may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

NONGOVERNMENTAL COORDINATING AGENCIES

The Council of Regional School Accrediting Commissions serves as the coordinating agency for the seven commissions on secondary education of the regional associations. Its general purpose is to provide an organization through which the regional commissions for secondary schools can unite and communicate to advance the cause of voluntary institution-based evaluation and accreditation for public and non-public schools and for a diversity of other types of secondary schools.

The Federation of Regional Accrediting Commissions of Higher Education, which was established in 1964, coordinates the work of the postsecondary commissions of the regional accrediting associations. Currently, the Federation functions to establish principles and policies at the national level to be administered by the regional commissions in carrying on their accrediting activities. It also coordinates the activities of these commissions. The Federation functions to assist institutions of higher education in meeting the problems of changing times and sponsors various research projects aimed at the development and improvement of institutional evaluation techniques.

The National Commission on Accrediting was established in 1949 by colleges and universities to serve as a coordinating agency for specialized accrediting activities in collegiate education. A private agency, the National Commission has worked as the agency for its member educational institutions in granting recognition to accrediting agencies, helping to improve accrediting standards and practices, fostering increased cooperation among accrediting agencies, and recommending action concerning specialized accreditation to its members.

Exhibit E

d

STATE AGENCIES FOR APPROVAL OF PUBLIC POSTSECONDARY VOCATIONAL EDUCATION
AND
STATE AGENCIES FOR APPROVAL OF NURSE EDUCATION

Criteria and Procedures for Listing by the U. S. Commissioner of Education
and
Current Lists

August 1974

by
The Accreditation and Institutional Eligibility Staff

U.S. Department of Health, Education and Welfare
Office of Education
Bureau of Postsecondary Education

RECOGNITION OF STATE AGENCIES

For purposes of determining eligibility for United States Government assistance under certain legislation, the U.S. Commissioner of Education is required to publish lists of State agencies for approval of public postsecondary vocational education, and for approval of nurse education, which he has determined to be reliable authorities concerning the quality of education or training offered by educational institutions or programs. State agencies desiring to be listed by the Commissioner of Education must submit petitions for recognition demonstrating compliance with the relevant criteria contained in this document. All petitions are received and reviewed by the Accreditation and Institutional Eligibility Staff, Bureau of Postsecondary Education, which, among its other duties, provides administrative services to the Commissioner of Education's Advisory Committee on Accreditation and Institutional Eligibility.

The Commissioner's Advisory Committee on Accreditation and Institutional Eligibility was established in May 1968, and is chartered under the Federal Advisory Committee Act (P.L. 92-463). It is composed of 15 members selected from various segments of the secondary and postsecondary community, the student/youth population, State departments of education, professional associations and the general public. The Committee functions to assist the Commissioner of Education in the performance of eligibility determining duties imposed by P.L. 82-550, the Veteran's Readjustment Assistance Act of 1952, and subsequent legislation. It also serves to advise him on broader policy matters and specific issues relating to accreditation, and institutional eligibility for Federal funding. Specifically, the Committee is mandated to:

1. Review all current and future policies relating to the responsibility of the Commissioner for the recognition and designation of accrediting agencies and associations wishing to be designated as nationally recognized accrediting agencies and associations, and recommend desirable changes in criteria and procedures;

2. Review all current and future policies relating to the responsibility of the Commissioner for the recognition and listing of State agencies wishing to be designated as reliable authority as to the quality of public postsecondary vocational education, and of nurse education, and recommend desirable changes in criteria and procedures;

3. Review and advise the Commissioner of Education in the formation of all current and future policy relating to the matter of institutional eligibility;

4. Review the provisions of current legislation affecting Office of Education responsibility in the area of accreditation and institutional eligibility and suggest needed changes;

5. Develop and recommend to the Commissioner of Education criteria and procedures for the recognition and designation of accrediting agencies and associations in accordance with legislative provisions, Presidential directives, or interagency agreements;

6. Review and recommend to the Commissioner of Education for designation as nationally recognized accrediting agencies and associations of reliable authority all applicant accrediting agencies and associations which meet criteria established under (5) above;

7. Develop and recommend to the Commissioner of Education criteria and procedures for the recognition, designation and listing of State agencies in accordance with statutory provisions, Executive Orders, or interagency agreements;

8. Review and recommend to the Commissioner of Education for designation as State agencies of reliable authority as to the quality of public postsecondary vocational education, and of nurse education, all applicant State agencies which meet criteria established under (7) above;

9. Develop, under the authority of the Vocational Education Act of 1963, as amended, and recommend for approval of the Commissioner of Education, standards and criteria for specific categories of vocational training institutions which have no alternative route by which to establish eligibility for Federal funding programs;

10. Develop, under the authority of the Higher Education Act of 1965, as amended, and recommend for the approval of the Commissioner of Education, standards and criteria for specific categories of institutions of higher education, for which there is no recognized accrediting agency or association, in order to establish eligibility for Federal funding programs;

11. Maintain a continuous review of Office of Education administrative practice, procedures and judgments and advise the Commissioner of needed changes;

12. Keep within its purview the accreditation and approval process as it develops in all levels of education;

13. Advise the Commissioner of Education concerning the relations of the Office with accrediting agencies or associations, or other approval bodies as the Commissioner may request;

14. Advise the Commissioner of Education, pursuant to the Bureau of the Budget (Office of Management and Budget) . policy dated December 23, 1954, regarding the award of degree-granting status to Federal agencies and institutions;

15. Not later than March 31 of each year, make an annual report of its activities, findings and recommendations.

CRITERIA AND PROCEDURES FOR RECOGNITION OF STATE AGENCIES FOR THE APPROVAL OF PUBLIC POSTSECONDARY VOCATIONAL EDUCATION

The following information concerning the criteria and procedures for recognizing State agencies for the approval of public postsecondary vocational education was published in the Federal Register of August 20, 1974, under Title 45--Public Welfare, Chapter I--Office of Education, Department of Health, Education, and Welfare. These criteria and procedures are companion to Subpart A of Title 45, Chapter I, Part 149, which outlines the Criteria and Procedures for Listing of Nationally Recognized Accrediting Agencies and Associations.

PART 149—COMMISSIONER'S RECOGNITION PROCEDURES FOR NATIONAL ACCREDITING BODIES AND STATE AGENCIES

Subpart B—Criteria for State Agencies

Sec.
149.20 Scope.
149.21 Publication of list.
149.22 Inclusion on list.
149.23 Initial recognition; reevaluation.
149.24 Criteria.

AUTHORITY: Sec. 438(b) of the Higher Education Act of 1965, Pub. L. 89–329 as amended by Pub. L. 92–318, 86 Stat. 235, 264 (20 U.S.C. 1087–1(b)).

Subpart B—Criteria for State Agencies

§ 149.20 Scope.

(a) Pursuant to section 438(b) of the Higher Education Act of 1965 as amended by Public Law 92–318, the United States Commissioner of Education is required to publish a list of State agencies which he determines to be reliable authorities as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for Federal student assistance programs administered by the Office of Education.

(b) Approval by a State agency included on the list will provide an alternative means of satisfying statutory standards as to the quality of public postsecondary vocational education to be undertaken by students receiving assistance under such programs.

(20 U.S.C. 1087–1(b))

§ 149.21 Publication of list.

Periodically the U.S. Commissioner of Education will publish a list in the FEDERAL REGISTER of the State agencies which he determines to be reliable authorities as to the quality of public postsecondary vocational education in their respective States.

(20 U.S.C. 1087–1(b))

§ 149.22 Inclusion on list.

Any State agency which desires to be listed by the Commissioner as meeting the criteria set forth in § 149.24 should apply in writing to the Director, Accreditation and Institutional Eligibility Staff, Bureau of Postsecondary Education, Office of Education, Washington, D.C. 20202.

(20 U.S.C. 1087–1(b))

§ 149.23 Initial recognition, and reevaluation.

For initial recognition and for renewal of recognition, the State agency will furnish information establishing its compliance with the criteria set forth in § 149.24. This information may be supplemented by personal interviews or by review of the agency's facilities, records, personnel qualifications, and administrative management. Each agency listed will be reevaluated by the Commissioner at his discretion, but at least once every four years. No adverse decision will become final without affording an opportunity for a hearing.

(20 U.S.C. 1087–1(b))

§ 149.24 Criteria for State agencies.

The following are the criteria which the Commissioner of Education will utilize in designating a State agency as a reliable authority to assess the quality of public postsecondary vocational education in its respective State.

(a) *Functional aspects.* The functional aspects of the State agency must be shown by:

(1) *Its scope of operations.* The agency:

(i) Is statewide in the scope of its operations and is legally authorized to approve public postsecondary vocational institutions or programs;

(ii) Clearly sets forth the scope of its objectives and activities, both as to kinds and levels of public postsecondary vocational institutions or programs covered, and the kinds of operations performed;

(iii) Delineates the process by which it differentiates among and approves programs of varying levels.

(2) *Its organization.* The State agency:

(i) Employs qualified personnel and uses sound procedures to carry out its operations in a timely and effective manner;

(ii) Receives adequate and timely financial support, as shown by its appropriations, to carry out its operations;

(iii) Selects competent and knowledgeable persons, qualified by experience and training, and selects such persons in accordance with nondiscriminatory practices, (A) to participate on visiting teams, (B) to engage in consultative services for the evaluation and approval process, and (C) to serve on decision-making bodies.

(3) *Its procedures.* The State agency:

(i) Maintains clear definitions of approval status and has developed written procedures for granting, reaffirming, revoking, denying, and reinstating approval status;

(ii) Requires, as an integral part of the approval and reapproval process, institutional or program self-analysis and onsite reviews by visiting teams, and provides written and consultative guidance to institutions or programs and visiting teams.

(A) Self-analysis shall be a qualitative assessment of the strengths and limitations of the instructional program, including the achievement of institutional or program objectives, and should involve a representative portion of the institution's administrative staff, teaching faculty, students, governing body, and other appropriate constituencies.

(B) The visiting team, which includes qualified examiners other than agency staff, reviews instructional content, methods and resources, administrative management, student services, and facilities. It prepares written reports and recommendations for use by the State agency.

(iii) Reevaluates at reasonable and regularly scheduled intervals institutions or programs which it has approved.

(b) *Responsibility and reliability.* The responsibility and reliability of the State agency will be demonstrated by:

(1) Its responsiveness to the public interest. The State agency:

(i) Has an advisory body which provides for representation from public employment services and employers, employees, postsecondary vocational educators, students, and the general public, including minority groups. Among its functions, this structure provides counsel to the State agency relating to the development of standards, operating procedures and policy, and interprets the educational needs and manpower projections of the State's public postsecondary vocational education system;

(ii) Demonstrates that the advisory body makes a real and meaningful contribution to the approval process;

(iii) Provides advance public notice of proposed or revised standards or regulations through its regular channels of communications, supplemented, if necessary, with direct communication to inform interested members of the affected community. In addition, it provides such persons the opportunity to comment on the standards or regulations prior to their adoption;

(iv) Secures sufficient qualitative information regarding the applicant institution or program to enable the institution or program to demonstrate that it has an ongoing program of evaluation of outputs consistent with its educational goals;

(v) Encourages experimental and innovative programs to the extent that these are conceived and implemented in a manner which ensures the quality and integrity of the institution or program;

(vi) Demonstrates that it approves only those institutions or programs which meet its published standards; that its standards, policies, and procedures are fairly applied; and that its evaluations are conducted and decisions are rendered under conditions that assure an impartial and objective judgment;

(vii) Regularly reviews its standards, policies and procedures in order that the evaluative process shall support constructive analysis, emphasize factors of critical importance, and reflect the educational and training needs of the student;

(viii) Performs no function that would be inconsistent with the formation of an independent judgment of the quality of an educational institution or program;

(ix) Has written procedures for the review of complaints pertaining to institutional or program quality as these relate to the agency's standards, and demonstrates that such procedures are adequate to provide timely treatment of such complaints in a manner fair and equitable to the complainant and to the institution or program;

(x) Annually makes available to the public (A) its policies for approval, (B) reports of its operations, and (C) list of institutions or programs which it has approved;

(xi) Requires each approved school or program to report on changes instituted to determine continued compliance with standards or regulations;

(xii) Confers regularly with counterpart agencies that have similar responsibilities in other and neighboring States about methods and techniques that may be used to meet those responsibilities.

(2) Its assurances that due process is accorded to institutions or programs seeking approval. The State agency:

(i) Provides for adequate discussion during the on-site visit between the visiting team and the faculty, administrative staff, students, and other appropriate persons;

(ii) Furnishes as a result of the evaluation visit, a written report to the institution or program commenting on areas of strength, areas needing improvement, and, when appropriate, suggesting means of improvement and including specific areas, if any, where the institution or program may not be in compliance with the agency's standards;

(iii) Provides the chief executive officer of the institution or program with opportunity to comment upon the written report and to file supplemental materials pertinent to the facts and conclusions in the written report of the visiting team before the agency takes action on the report;

(iv) Provides the chief executive officer of the institution with a specific statement of reasons for any adverse action, and notice of the right to appeal such action before an appeal body designated for that purpose;

(v) Publishes rules of procedure regarding appeals;

(vi) Continues the approval status of the institution or program pending disposition of an appeal;

(vii) Furnishes the chief executive officer of the institution or program with a written decision of the appeal body, including a statement of its reasons therefor.

(c) *Capacity to foster ethical practices.* The State agency must demonstrate its capability and willingness to foster ethical practices by showing that it:

(i) Promotes a well-defined set of ethical standards governing institutional or programmatic practices, including recruitment, advertising, transcripts, fair and equitable student tuition refunds, and student placement services;

(ii) Maintains appropriate review in relation to the ethical practices of each approved institution or program.

(20 U.S.C. 1087-1(b))

[FR Doc.74-19298 Filed 8-19-74;8:45 am]

State Agencies for Approval of Public Postsecondary Vocational Education

COLORADO State Board for Community Colleges and Occupational Education
M. G. Linson, Director, Occupational Education
207 State Service Building, 1525 Sherman St.
Denver, Colo. 80203

FLORIDA State Board of Education
Floyd T. Christian, Commissioner
Department of Education
Tallahassee, Florida 32304

IOWA State Board of Public Instruction
Robert D. Benton
State Superintendent of Public Instruction
Grimes State Office Building
Des Moines, Iowa 50319

KENTUCKY State Board of Education
Lyman V. Ginger
Superintendent of Public Instruction and
Executive Officer of the State Board of Education
Frankfort, Ky. 40601

MINNESOTA State Board for Vocational-Technical Education
Robert P. Van Tries
Assistant Commissioner, Division of Vocational-Technical Education
Department of Education
Capitol Square Building, 550 Cedar St.
St. Paul, Minn. 55101

MONTANA Board of Public Education
Benjamin Ulmer, Director
Vocational and Occupational Skills
Office of the State Superintendent of Public Instruction
Helena, Mont. 59601

NEW MEXICO State Board of Education
James B. West
Assistant State Superintendent for Vocational Education
Department of Education
Education Building
Santa Fe, N.M. 87501

NEW YORK State Education Department
Ewald B. Nyquist, Commissioner of Education
State Education Department
The University of the State of New York
Albany, N.Y. 12214

RECOGNITION OF STATE AGENCIES FOR APPROVAL OF NURSE EDUCATION

CRITERIA AND LIST

For the purpose of determining eligibility for Federal assistance, pursuant to Public Law 88-581, as amended, the United States Commissioner of Education is required to publish a list of recognized accrediting bodies, and of State agencies, which he determines to be reliable authorities as to the quality of training offered by schools and programs for diploma, associate degree, and baccalaureate and graduate degrees in nursing. In pursuance of this mandate, the following criteria for recognition of State agencies were established and published in the January 16, 1969 Federal Register.

CRITERIA

The following are the criteria which the Commissioner of Education will utilize in determining whether a State agency is reliable authority as to the quality of training offered by schools of nursing.

The State agency:

1. Is statewide in the scope of its operations and is legally authorized to accredit schools of nursing.

2. Makes publicly available:

   a. Current information covering its criteria or standards for accreditation;

   b. Reports of its operations;

   c. Lists of schools of nursing which it has accredited.

3. Has an adequate organization and effective procedures, administered by a qualified board and staff, to maintain its operations on a professional basis. Among the factors to be considered in this connection are that the agency:

   a. Uses experienced and qualified examiners to visit schools of nursing to examine educational objectives, to inspect courses, programs, administrative practices, services and facilities and to prepare written reports and recommendations for the use of the reviewing body ---and causes such examinations to be conducted under conditions that assure an impartial and objective judgment;

   b. Secures sufficient and pertinent data concerning the qualitative aspects of the school's educational program;

   c. Requires each school of nursing accredited to follow clearly defined refund policies governing all fees and tuition paid by students:

d. Enforces a well defined set of standards regarding a school's ethical practices, including recruitment and advertising;

e. Requires each school of nursing accredited to submit a comprehensive annual report, including current data on:

   (1) Progress toward achievement of its stated objectives in nursing education;

   (2) Qualifications and major responsibilities of the dean or director and of each faculty member;

   (3) Policies used for selection, promotion, and graduation of students;

   (4) Practices followed in safeguarding the health and well-being of students;

   (5) Current enrollment by class and student-teacher ratios;

   (6) Number of admissions to school per year for past 5 years;

   (7) Number of graduations from school per year for past 5 years;

   (8) Performance of students on State board examinations for past 5 years;

   (9) Curriculum plan;

   (10) Brief course description;

   (11) Descriptions of resources and facilities, clinical areas, and contractual arrangements which reflect upon the academic program.

f. Regularly, but at least every 2 years, obtains from each accredited school of nursing:

   (1) A copy of its audited fiscal report, including a statement of income and expenditures;

   (2) A current catalog.

4. Has clear, written procedures for (a) the accreditation of a school of nursing or institution, (b) placing it on a probationary status, (c) revoking the accreditation, and (d) reinstating accreditation.

The list of recognized accrediting bodies, and of State agencies, will include organizations which have been determined by the Commissioner of Education to be reliable authority as to the quality of training offered by schools of nursing. For purposes of institutional and program accreditation, as provided for in the Nurse Training Act, those appropriate accrediting associations designated by the Commissioner as "Nationally Recognized Accrediting Agencies and Associations" (the seven regional accrediting commissions and the National League for Nursing, Inc.) will be listed.

Any other association or State agency which desires to be included on the list should request inclusion in writing Each association or State agency listed may be re-evaluated from time to time by the Commissioner.

For initial recognition and for extension of recognition (in connection with re-evaluation), the association or State agency will be requested to furnish information establishing its compliance with the stated criteria. This information may be supplemented by personal interviews or investigation of the association's or agency's facilities, records, personnel qualifications, and administrative procedures. No adverse decision will be finalized without affording opportunity for a hearing.

LIST

REGIONAL ACCREDITING COMMISSIONS FOR HIGHER EDUCATION

Middle States Association of Colleges and Secondary Schools
Harry W. Porter, Executive Secretary
Commission on Higher Education
Gateway One, Raymond Plaza West
Neward, N. J. 07102

New England Association of Schools and Colleges
Robert R. Ramsey, Jr., Director of Evaluation
Commission on Institutions of Higher Education
131 Middlesex Turnpike, Burlington, Mass. 01803

North Central Association of Colleges and Secondary Schools
Joseph Semrow, Executive Secretary
Commission on Institutions of Higher Education
5454 South Shore Dr., Chicago, Ill. 60615

Northwest Association of Secondary and Higher Schools
James F. Bemis, Executive Director
Commission on Higher Education
3700-B University Way, NE., Seattle, Wash. 98105

Southern Association of Colleges and Schools
Gordon W. Sweet, Executive Secretary
Commission on Colleges
795 Peachtree St., NE., Atlanta, Ga. 30308

Western Association of Schools and Colleges
Kay J. Andersen, Executive Director
Accrediting Commission for Senior Colleges
and Universities
c/o Mills College, Oakland, Calif. 95350

Harry D. Wiser, Secretary
Accrediting Commission for Junior Colleges
Post Office Box 4065, Modesto, Calif. 95350

NATIONAL SPECIALIZED ACCREDITING AGENCIES*

National League for Nursing, Inc.
Margaret E. Walsh, General Director and Secretary
10 Columbus Circle, New York, N.Y. 10019

STATE AGENCIES

California Board of Nursing Education and Nurse Registration
Business and Professions Building
1021 O Street, Sacramento, Calif. 95814

Iowa Board of Nursing
State Office Building
300 4th St., Des Moines, Iowa 50319

Louisiana State Board of Nurse Examiners
907 Pere Marquette Building
150 Baronne St., New Orleans, La. 70112

Missouri State Board of Nursing
Box 656, Jefferson City, Missouri 65101

Montana State Board of Nursing
Wheat Building, Suite 201, Helena, Mont. 59601

New Hampshire Board of Nursing Education and Nurse Registration
Stickney Ave., Concord, N.H. 03301

New York Board of Regents
Board of Examiners of Nurses, Albany, N.Y. 12204

West Virginia Board of Examiners for Registered Nurses
408 Davidson Building
910 Quarrier St., Charleston, W. Va. 25301

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*For certain purposes other than the administration of P.L. 88-581, the National Association for Practical Nurse Education and Service, Inc., has been listed by the U.S. Commissioner of Education as a nationally recognized accrediting agency.

Exhibit F

Office of Education
Bureau of Postsecondary Education
Accreditation and Institutional Eligibility Staff
January 28, 1975

INSTITUTIONAL ELIGIBILITY AND CONSUMER ABUSES

A STATUS REPORT AND SUMMARY OF 1974 ACTIVITIES, INCLUDING A REPORT ON THE *BOSTON GLOBE* SERIES ON PROPRIETARY VOCATIONAL SCHOOLS AND THE SYSTEM FOR MONITORING CONSUMER ABUSES

FINDINGS AND RECOMMENDATIONS

Submitted to the Director of the Accreditation and
Institutional Eligibility Staff

Prepared by:

Ronald Pugsley, Chief, Accreditation Policy Unit, AIES, and member of the FICE Subcommittee on Educational Consumer Protection

Joseph Hardman, Chief, Institutional Eligibility Unit--Junior Colleges, Accreditation and Institutional Eligibility Staff

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Appendices:

1. The *Boston Globe* Series On Proprietary Vocational Schools: Preliminary Report, prepared by the Accreditation Policy Unit, AIES, July 1974.
2. "Report of Findings"
   NATTS Accrediting Commission
   NHSC Accrediting Commisssion
3. Criteria for Recognition and Listing of National Accrediting Bodies and State Agencies, *Federal Register*, Vol. 39, No. 162, August 20, 1974.
4. Educational Consumer Protection Features of the Revised Criteria for Nationally Recognized Accrediting Agencies and Associations, prepared by Accreditation and Institutional Eligibility Staff, April 18, 1974.

5. Model State Legislation, Report of the Task Force on Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees, Education Commission of the States, Report No. 39, June, 1973.

6. Proposed Requirements and Standards, Guaranteed Student Loan Program, Federal Register, Vol. 39, No. 202, October 17, 1974.

7. Toward a Federal Strategy for Protection of the Consumer of Education, A Report from the Subcommittee on Educational Consumer Protection to the Federal Interagency Committee on Education, December 18, 1974.

8. Trade Regulation Rule for Proprietary Vocational and Home Study Schools, Notice of Public Hearings, Federal Trade Commission, August 15, 1974.

SUMMARY AND RECOMMENDATIONS

The Report

The "age of consumerism" has made the Federal government increasingly aware of the abuses of educational consumers resulting from unethical operations of some educational institutions. Rising educational costs, the limited prospect for increases in Federal funding support for education, and the decrease in the population available for postsecondary education are tempting all sectors of postsecondary education into unethical, or "grey-area," competitive practices. Within this milieu, the review of the Boston Globe series on private vocational schools was one point in a 12 month process of evaluating the strengths and limitations of current eligibility requirements and regulations governing Federal aid-to-education programs. The series, however, provided a setting for reviewing a number of malpractices that had been identified within the postsecondary private school sector, as well as an occasion to review the efforts of Federal, State, local and private agencies in tackling the abuses which affect educational consumers.

In addition to a summary of the Boston Globe's allegations and a summary of the schools' responses and recommendations, the report includes the findings of accrediting agencies, a review of Federal and State responsibilities in protecting the consumer of education, an analysis of the issues as perceived by responsible regional, state and local leaders, and some recommendations designed to prevent further abuses of the educational consumer and misuse of educational programs. In addition, the recommendations should provide a means toward achieving better coordination among the agencies which form the triad of educational oversight.

Recommendations

The report submitted to the Director of the Accreditation and Institutional Eligibility Staff outlines a number of action steps which may be considered by the U.S. Office of Education in providing protection to educational consumers. The recommendations focus upon measures to improve the regulatory functions of State; changes in the Federal eligibility requirements; and measures to improve the communication linkages among the primary agents involved in providing an oversight mechanism for postsecondary occupational schools and programs. Our recommendations are as follows:

- --The Office of Education should play a catalytic role in developing and implementing an "early warning system" among the agents responsible for certifying that accredited and/or approved institutions are acting in the public interest.
    - --As an initial step, a national conference should be convened by the Office to consider the need for and ways to implement an effective communications network among the affected parties.
- --The Office of Education should consider requiring, as one change to current statutory eligibility requirements, that postsecondary vocational institutions be chartered, licensed and/or approved by State agencies recognized for such purpose by the U.S. Commissioner of Education.

--The Office of Education should develop proposals for tightening eligibility requirements that (1) create safeguards ensuring that the interests of students, the public and the Federal government are properly protected; (2) provide the Commissioner of Education with sufficient power and authority that he now lacks commensurate with his explicit and implied responsibilities for administering programs of student financial aid; and (3) add specificity and flexibility to the range of remedies available in dealing with individual institutions and particular circumstances.

I. INTRODUCTION

In March 1974, the Boston Globe published a series of articles alleging serious educational malpractices by selected proprietary vocational schools located or operating in the Boston area.* Essentially, five major kinds of educational malpractices were highlighted in the Globe articles:

- misleading advertising
- indiscriminate recruiting
- poor course completion rates
- false job-placement promises
- insufficient tuition refunds

Action by the Office of Education in response to the specific issues raised by the Globe articles was in two principal areas:

(1) The Accreditation and Institutional Eligibility Staff requested the two nationally recognized accrediting agencies involved to conduct a full-scale review of the accredited schools cited in the articles, and

(2) The schools cited in the series which were eligible for participation in at least one Federal aid to education program administered by the Office, were asked to respond specifically to the Globe allegations.

Attachment 1 provides a summary of the Globe's allegations and a summary of the schools' responses and recommendations. Attachment 2 includes "Report of Findings" by two nationally recognized accrediting agencies: the Accrediting Commission of the National Home Study Council and the

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*In addition to the Globe series, other comparable articles asserting abuses affecting the educational consumer have also appeared, such as the four-part series on the trade school industry by Eric Wentworth of the Washington Post (June 23-26, 1974) and an article by Sylvia Kronstadt, "Student Loans: How the Government Takes the Work Out of Fraud," The Washington Monthly (November 1973).

Accrediting Commission of the National Association of Trade and Technical Schools.

Governmental Activities

Coincidental with the review of the Globe's charges during this period were a series of governmental actions and studies designed to address clear and evident deficiencies which exist in present monitoring devices used to assure the quality and capability of schools whose students receive Federal funds.* More specifically, attention focused upon the triad of educational oversight which includes:

(1) Nationally Recognized Accrediting Agencies. Current laws and statutory regulations governing institutional eligibility reflect the conviction of the Congress that the Federal Government, through the U.S. Office of Education (USOE), should not be in the business of directly accrediting schools. The Commissioner's function is to recognize accrediting bodies that do establish schools as "accredited" and, therefore, eligible for Federal funding. These same regulations, however, are silent on the issue of educational consumer protection.

On August 20, the Office published in the Federal Register revised Criteria for Listing Nationally Recognized Accrediting Agencies, which place increasing emphasis upon the need for responsibility and reliability in the accreditation process. A copy of the revised Criteria is attached, along with a list of the educational consumer protection features of the proposed requirements for recognition (See Attachments 3 and 4).

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*It should be noted that the Office of Education contracted with the Brookings Institution in June 1972 to study the use of accreditation to establish the eligibility of postsecondary institutions for Federal programs. The resulting study, Private Accreditation and Public Eligibility, by Harold Orlans et. al. (October 1974) provides useful background and informational data regarding educational consumer protection issues.

(2) State Regulation or Approval of Postsecondary Institutions. Too often "accreditation" is equated with "eligibility" thus overlooking the important co-equal statutory responsibility of the individual States to effectively charter, license and regulate schools. More precisely, accreditation by itself is only one of a series of requirements which must be met to establish "eligibility" for USOE administered programs. Statutory definitions of eligibility for proprietary schools require two concurrent but independent judgments; one from the States and one from the accrediting agencies.

Because chartering, licensure and approval practices vary widely among the States, USOE and several other Federal agencies provided consultative and financial support for the development by the Education Commission of the States of "Model State Legislation for Approval of Postsecondary Education and Authorization to Grant Degrees." The purpose of the "Model Legislation" is to enhance, embellish and reinforce the States' capacity to regulate and license postsecondary educational institutions both proprietary and tax-exempt (See Attachment 5).

Since its publication and distribution to the States, the "Model Legislation" has been adopted in several States and is under review for possible adoption in other States. Currently, there are 46 States which exercise some authority over postsecondary trade, technical, business, professional and correspondence education, with 45 States having funding to support their mission and four States having no statutory provisions for such schools. In some few States, the proprietary schools are reviewed by the State approving agencies for veterans training and education. In five States, the responsibility is exercised by independent Boards, Agencies or Commissions. Finally, 39 States place the oversight mechanism within the respective State Departments of Education.*

Federal statutes and regulations, while requiring State authorization of proprietary schools, do not address the fact that the quality of oversight varies from State to State. This problem is addressed by the "Model Legislation" which focuses upon standards whereby the States can ensure that institutions adhere to approved practices.

(3) Federal Eligibility Requirements and Program Regulations.

As noted above, current Federal statutes and statutory regulations governing the participation of postsecondary proprietary vocational schools in student financial assistance programs require, among other elements, that such schools are

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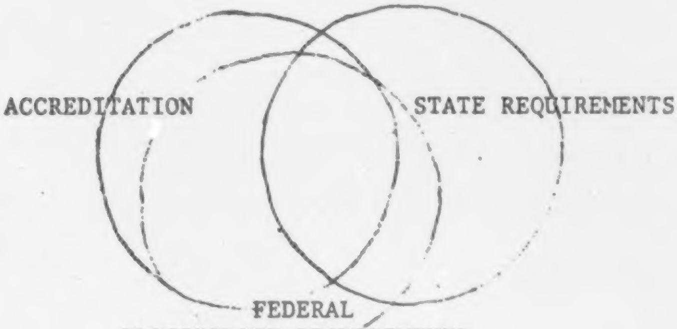
*For an excellent summary of State regulations pertaining to private schools, see "Brief Study Related to State Regulations of Private Schools (Post-Secondary)," prepared by the National Association of State Administrators and Supervisors of Private Schools (January 1, 1975).

> "legally authorized to provide, and provide within that State, a program of postsecondary vocational or technical education designed to fit individuals for useful employment in recognized occupations"; and are
>
> "accredited by nationally recognized accrediting agencies or associations."

The eligibility model for proprietary vocational schools thus presumes a tripartite structure or relationship which can be diagrammed by three overlapping circles or in the form of a triangle.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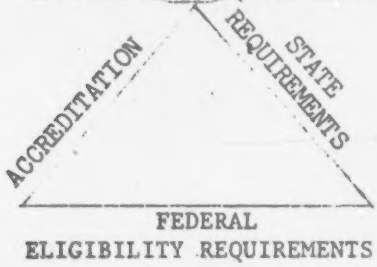
ACCREDITATION
STATE
REQUIREMENTS
FEDERAL
ELIGIBILITY REQUIREMENTS

Before any school or institution can become eligible to participate in education programs administered by the Office of Education, certain minimum statutory or regulatory requirements must be met. These eligibility elements fall into three categories which are: first, factual information such as type of school, length of programs, and legal authorization; second, the qualitative aspects of schools or programs, including accreditation, or the use of one of the alternatives to accredited status; and, third, special requirements established by program administrators under broader provisions of law, through regulation specifying provisions which participating schools must meet.

In other words, the statutory system for establishing postsecondary institutional eligibility among proprietary schools for participation in USOE administered education programs consists of three complementary elements: (1) State chartering, licensure or approval; (2) accreditation by a nationally recognized accrediting agency; and (3) Federal program requirements. Whenever one or more of these elements is defective, the probability of educational consumer abuse increases.

Proposed Legislation and Regulations

Beyond the stated reference to State authorization and accreditation, current statutory regulations governing institutional eligibility are silent on the issue of educational consumer protection. For this reason, USOE in January, 1974, began to study the following legislative options:

1. Requiring a national tuition policy as a condition of participating in Federal Student Aid Programs.
2. Broadening the provisions of the Higher Education Act (Section 438 b) to enable the Commissioner to recognize State agencies for the monitoring of private, as well as public, postsecondary vocational education.
3. Broadening the Commissioner's authority to limit, suspend, and terminate the eligibility of a school in all OE administered postsecondary education programs, -- not just GSL, as presently authorized by Section 438 (a) (3) (called "LST").
4. Requiring participating proprietary schools to provide the Office of Education, on a regular basis, with validated information regarding student dropout, course completion, and job placement rates.

In addition to the above important legislative considerations and the publication of revised Criteria for Listing Nationally Recognized Accrediting Agencies (see above), USOE on October 17, 1974, published under 'Notice of Proposed Rule Making' in the Federal Register revised requirements and standards for the Guaranteed Student Loan Program (GSLP).* These proposed new regulations for administering the GSLP are designed to protect students who borrow under the loan program. Among other items, the rules would require educational institutions to provide prospective students with "a complete and accurate statement" about programs, faculty, facilities, salary level, and vocational-school students' placement. Trade or vocational schools would also be required to make sure that applicants had the ability to benefit from their training (See Attachment 6). Finally, the

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*In March 1973, the Office contracted with Systems Group, Inc. to develop a historical summary of borrowers, institutions, and lenders participating in the Federally Insured Student Loan (FISL) Program. This study, published in November 1974, forecasts the probable volume of future defaults under the FISL program.

Office served as the lead agency in the work of the Federal Interagency Committee on Education's Subcommittee on Educational Consumer Protection, which issued on September 18, 1974, a report entitled, Toward A Federal Strategy For Protection Of The Consumer Of Education. Adopted by the full Federal Interagency Committee on Education (FICE) in December 1974, this report advances a Federal strategy for consumer protection designed to work in conjunction with the efforts of the States, localities, consumer groups, and other private organizations. To this end, four principles were enunciated and twenty-two action steps recommended which solidify the emerging concept of the student as a consumer and which address some of the areas requiring action and attention by the Federal government in helping to protect the interests of the educational consumer (See Attachment 7).

On August 15, 1974, the Federal Trade Commission promulgated a proposed Trade Regulation Rule (TRR) concerning proprietary vocational and home study schools. The proposed TRR contains a pro-rata refund formula and a ten-day "cooling-off-reaffirmation" provision for students. Additionally, there are numerous detailed disclosure and advertising substantiation requirements (See Attachment 8). These actions, considerations, proposed rules and regulations regarding the policy area of consumer protection generally, and with respect to the GLOBE articles in particular, formed the backdrop for the Boston review.

II. BOSTON REVIEW

Purpose

In September a four-person Federal team was designated by the Director of the Accreditation and Institutional Eligibility Staff to meet with selected regional, State and school officials to gain a local perspective on the Boston Globe's "Spotlight" series on vocational education, and to obtain insights into the validity of the charges and allegations made.* Several small informal working sessions were scheduled primarily to solicit opinions, attitudes and perspectives as seen by the New England regional, State and private organizations and individuals in various conferences held in Boston, September 18-20, 1974. Agencies represented included:

---

*Team members included:

John Driscoll,	Special Assistant to the Deputy Commissioner of Postsecondary Education
Alice Hansen,	Chief, Management Information Branch, Office of Guaranteed Student Loans
Joseph Hardman,	Chief, Institutional Eligibility Unit--Junior Colleges, Accreditation and Institutional Eligibility Staff
Ronald Pugsley, (Chairman)	Chief, Accreditation Policy Unit, AIES, and member of the FICE Subcommittee on Educational Consumer Protection

DHEW/ Office of the Secretary
      Office of Education
      Office of Guaranteed Loans
      DHEW Audit Agency
Federal Trade Commission
Veteran's Administration
Department of Treasury

Commonwealth of Massachusetts/ Office of Attorney General
                               State Department of Education
                               Higher Education Ass't Corp.
                               Financial Aid Administrators
                                 and Guidance Counselors

Connecticut/ Department of Education
             Student Loan Foundation

Maine/ Department of Education

New Hampshire/ Department of Education
               Higher Education Ass't Corp.

Rhode Island/ Department of Education
              Higher Education Ass't Corp.

New England Association of Schools and Colleges

Massachusetts Association of Business Schools

Massachusetts Association of Private Vocational Schools
Selected school representatives, public and private

The visiting team had three major objectives: (1) to assess whether the consumer abuses in the six-State region were, indeed, as serious in nature and as pervasive as the Globe series would lead one to believe; (2) to discuss the series with Regional Federal personnel, a variety of State officials, and with school associations; and (3) to obtain Regional and State reactions to current Federal policy options, and suggestions for other improvements, which might stem from State and local experience. The thinking and opinions of the various groups and individuals consulted were mixed, but, in general, it appeared that heightened public and agency awareness of certain consumer abuses were counterbalanced by certain negative results cited below.

Globe's Impact

The educational type of abuses identified in the Globe's series were seen as real by all of the groups consulted. While the kind of abuse and practice uncovered appeared to have taken place, the allegations often lacked depth, according to conference participants. The extent of malpractice, either at the particular institution investigated or for the postsecondary vocational school sector as a whole, as was clearly implied in the series, was not substantiated in the discussions. However, most of the participants agreed that the Globe's calling attention to the existence of mal-practices in some schools was a public service. These practices are summarized in "Attachment 1" of this report and include:

misrepresentation in advertising;
misrepresentation in selling;
misrepresentation in placement and employment opportunities;
violation of accrediting agency standards (lack of proper

recruiting, admissions and refund practices); and violation of State regulations.

While public awareness of such practices had some positive effect, the conference participants also indicated that the generalized charges brandished against the entire private vocational school industry had had a distinctly negative impact upon reputable private postsecondary education in the Boston area.

The Globe investigation which ultimately involved charges against 22 schools began several months before the actual publication of the "Spotlight" series. In the discussions with school personnel, some schools stated they were able to identify when they were being investigated, and numerous schools indicated that the "Spotlight" team visited their institutions. Of great concern to school officials was the fact that the series highlighted negative aspects of certain institutions, while ignoring good practices displayed by reputable institutions.

Several schools reportedly contacted the Globe requesting that some equivalent exposure be given to institutions operating according to proper standards which are free of the abuses cited--to no avail. The local associations of private schools advised the Federal team that they had attempted, without success, to place articles or to encourage the Globe to present a balanced picture of the practices actively occuring in the industry. In the seven-month period following the publication of the articles, the Federal Trade Commission's Boston regional office received only seven student complaints. This low level of complaints may reflect the type of individual usually abused (disadvantaged and not cognizant of complaint and recourse mechanisms), but this small number could be judged as some indication that the abuses tend to be isolated and identified with certain specific institutions. Most officials interviewed by the Federal team concurred that the type of abuses are correctly identified but the practices are confined to a limited number of institutions. The opinion most commonly expressed was that schools which are relatively new, linked to nation-wide chains,and which utilize commissioned sales personnel, have a higher propensity to be offenders.

The team's conversations with the school associations revealed that schools in the technical and trade category (rather than business schools) were most severely affected by the Globe series. Enrollment and prospective student inquiries in these schools rapidly declined after publication of the series, by estimates ranging from 35 to 50 percent. While some of this decrease may be attributed to economic factors and the energy problem, most of the drop appears to correlate with the publication of the series. School officials who met with the Federal team contended that the Globe articles used "profit making" in a derogatory sense but without reference to the actual profit position of such schools. These references, it was argued, have adversely affected, in addition to enrollment applications, withdrawals and completions, the public's acceptance of graduates, and the public attitude toward faculty, students and other persons associated with these institutions. Some highly specialized technical schools provide the only source of trained manpower for certain industries. Instances of recruiting outside New England to seek trained graduates of similar schools to meet local industry needs were reported. These same school officials displayed a real bitterness over the Globe's running of misleading educational advertising in its classified section at the same time the "Spotlight" was describing the misrepresentation and hard sell technique used by the investigated schools. Similar advertising has continued to appear in the Globe since the series.

The Globe also was highly critical of the Massachusetts State Department of Education, which is responsible for licensing proprietary schools and salesmen, and the Consumer Protection Division of the Massachusetts Attorney General's Office, which is charged with taking action against abuses. The Education Department was cited as not enforcing licensing laws and regulations including the review of financial statements and advertising, and the Attorney General's Office was similarly charged with failure to carry out its responsibilities. While these allegations can be substantiated in part, they are a reflection of the lack of manpower and other resources assigned these activities at the State level. In this respect, the Globe impact has been positive in that the State has recognized and proposed a commitment of additional resources to work in these areas. For example, the Globe's highlighting of problems and abuses associated with tuition refund practices had an immediate impact. State legislation requiring strict pro-rata refunds of all proprietary institutions was introduced soon after the "Spotlight" series and signed into law in June, with an effective date of October 1, 1974. The legislation is quite controversial. Some suggest that political concerns were over-riding rather than the ultimate welfare of student consumers. Proponents view this provision as a quick cure to prevent flagrant abuses. Opponents categorize the law as "knee-jerk reaction" legislation that was not fully analyzed as to its real implications. Tuition fees were stated to have already been raised to cover projected loss of income. These additional costs will apparently be borne by students who complete schooling. Incentives, it is alleged, now exist for students to drop out when the need for money for other reasons occurs, or for other personal (non-vocational) reasons. The business and trade school association representatives felt that lack of similar legislation for all types of educational institutions assertedly is discriminatory, i.e., a student attending a two or four-year collegiate institution could only receive a tuition refund if withdrawal occurs during the first week or two of attendance.

Perhaps the most significant positive effect of the series was that it contributed to the intensification of a review of the problems. The Federal Government in both the executive and legislative branches had several activities under way, but review efforts were stimulated by publication of the series and subsequent introduction into the Congressional Record by Senator Brooke. Several congressional committees have since held hearings on abuses and practices and possible remedies in institutional eligibility and the vocational education field. The Federal Trade Commission recently issued a proposed rule on advertising, disclosure, cooling off and refund requirements. The Office of Education has published revised regulations for criteria for recognition of national accrediting bodies and State agencies, and has issued a proposed rule on requirements for participation and procedures for the limitation, suspension, and termination of school eligibility for the Guaranteed Student Loan Program.

Concurrent with the Federal review are similar activities to strengthen protection for education consumers in some States. In addition, private school associations, high school counselors and other groups in vocational education or allied fields are seeking ways to improve the delivery of quality education and training. Instances of smaller schools banding together with a much needed cohesiveness were noted. Clearly, a problem identified by all groups at all levels is the critical need for improved communications. The institutional eligibility and accreditation process itself which involves the Federal Government, State licensing boards and recognized accrediting agencies is grossly deficient in its communications network. Similarly, adequate communication within the Federal Government, between Federal and State governments, among the different agencies in each of these levels, among and between associations of various schools and related groups is lacking.

Participants at the Boston Region I meetings responded at length to questions raised by the Federal team regarding measures which the Federal government should consider in providing protection to education consumers. Primary attention was directed to (1) the existing "oversight" or monitoring system, (2) Federal (USOE) eligibility requirements for institutional participation in Federal funding programs, and (3) USOE program regulations, in addition to ways to improve the communication network. A number of participants also commented on the FTC Proposed Trade Regulation Rule and on several items contained in the FICE report Toward A Federal Strategy For Protection Of The Consumer Of Education.

It appeared to the Federal team that a broad consensus existed among the participants regarding the need to strengthen the existing tripartite system for monitoring postsecondary vocational programs. For instance, seldom was the argument advanced for a need to develop a new oversight mechanism, such as direct accreditation or approval of institutions by the U.S. Office of Education. Many individuals did, however, strongly urge that USOE monitor more closely nationally recognized accrediting bodies and State agencies, reflecting a view that such agencies are lax in applying published standards.

III. SUGGESTIONS FOR CHANGE

For discussion purposes the following recommendations reflect not only the fruits of the Boston review, but also represent the culmination of lengthy and intensive efforts by the AIE Staff in grappling with the problems and abuses affecting educational consumers.

Strengthening the Tripartite System

The primary deficiency in the current monitoring system is seen as a communication gap among the responsible parties. The Boston discussion revealed that in one case - fully disclosed by the Globe - bits and pieces of information regarding certain malpractices and shortcomings at an "approved, accredited, and eligible" institution were known separately to Federal, State and accrediting personnel 8 to 12 months in advance of the Globe's disclosures. Had this information been shared among the three parties, each would have realized the seriousness of the situation and each would have acted individually or in concert to remove the deficiencies. We believe that the Office of Education should play a catalytic role in developing and implementing an "early warning system" among Federal, State and accrediting officials responsible for certifying that accredited and/or approved institutions are acting in the public interest. We further recommend that the Office sponsor, as an initial step, a national conference to consider the need for and ways to implement an effective communications network among the affected parties.

The limited resources of State agencies to administer State laws governing postsecondary vocational education is identified as a second, but most serious, impairment to the overall effectiveness of the tripartite system. All parties argue that the States have a critical role to play in attesting to an institution's ability to function as a bona-fide educational institution; and, by contrast, accrediting agencies attest to the educational worth of the institution's courses and quality. In turn, it seems clear that the standards approximating the following should comprise the State's minimum rules and regulations for postsecondary vocational educational institutions:

(1) The school has a sound financial structure with sufficient resources for its continued support.

(2) The school has satisfactory training or educational facilities with sufficient tools, supplies, or equipment and the necessary number of work stations or classrooms to adequately train, instruct, or educate the number of students enrolled or proposed to be enrolled.

(3) The school has an adequate number of qualified instructors and administrative staff, sufficiently trained by experience and/or education, to give the instruction, education, or training contemplated.

(4) The advertising and representations made on behalf of the school to prospective students are truthful and free from misrepresentation or fraud.

(5) The charge for the training, instruction, or education is clearly stated and based upon the services rendered.

(6) The premises and conditions under which the students work and study are sanitary, healthful and safe according to modern standards.

(7) The school has and follows a refund policy as established by the State.

(8) The school and its representatives are bonded to provide indemnification to any student suffering loss as a result of any fraud or misrepresentation.

Changes in the Federal Eligibility Requirements

Under current statutory provisions governing institutional eligibility for Federal student assistance programs, the interests of the Federal government and students are not being adequately protected. This generally accepted point was discussed at length by those at the Boston meetings. Proposals for tightening eligibility requirements were also reviewed, and the participants appeared to agree on the directions which new eligibility requirements should take, such as:

--create safeguards ensuring that the interests of students, the public and the Federal government are properly protected;

--provide the Commissioner of Education with sufficient power and authority that he now lacks commensurate with his explicit and implied responsibilities for administering programs of student financial aid;

--add specificity and flexibility to the range of remedies available in dealing with individual institutions and particular circumstances.

Two Chinese aphorisms seem apropos to the study. With respect to the Globe series, "It is better to light a candle than to curse the darkness"; and regarding the report's findings and recommendations, "Even a journey of a thousand miles begins with but a single step."

Exhibit G

Statement by:

T. H. Bell
U. S. Commissioner of Education

Concerning the Proposed Trade Regulation Rule of the Federal Trade Commission on Advertising, Disclosure, Cooling Off and Refund Requirements Concerning Proprietary Vocational and Home Study Schools

Monday, December 16, 1974, 10:30 a.m.
Room 532
Federal Trade Commission
Sixth and Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Dr. Bell is accompanied by:

Gregory Fusco, Special Assistant to the Commissioner
S. W. Herrell, Acting Deputy Commissioner for Postsecondary Education
Kenneth A. Kohl, Associate Commissioner for Guaranteed Student Loans
John D. Phillips, Associate Commissioner for Student Assistance
John R. Proffitt, Director, Accreditation and Institutional Eligibility Staff

Mr. Chairman, Members of the Hearing Panel, I want to thank you for the opportunity to present this statement to you. It is a pleasure for me to meet with you this morning to discuss the Federal Trade Commission's Proposed Trade Regulation Rule for Proprietary Vocational and Home Study Schools. The proposed Trade Regulation Rule (TRR) is far-reaching and addresses, I believe, a number of key issues which, in brief, pertain to the sale or promotion of any course of instruction by a proprietary home study or residential vocational school.

As you know, Mr. Chairman, the vast majority of postsecondary schools and programs are doing an honorable job of serving the Nation. However, a number of common malpractices have been identified in a relatively small number of schools. They are found not only in proprietary (private, for-profit) institutions but also in public and private-nonprofit institutions. These malpractices include:

(1) misleading and inaccurate advertising;

(2) indiscriminate and overly aggressive recruiting;

(3) lack of full disclosure of salient institutional characteristics and information needed by the student consumer;

(4) inferior facilities, course offerings, and staff;

(5) false promises of job placement and earning opportunities;

(6) inadequate refund policies (or failure to abide by stated policies).

The Proposed Trade Regulation Rule is one of a number of efforts by Federal, State, and private agencies to activate consumer protection mechanisms where consumer problems exist. Since cooperation between Federal, State, and private agencies is essential if such mechanisms are to become a reality, I would like this morning to first sketch an overview of major efforts, as I view them, in protecting the interests of the education consumer. These remarks will focus upon present problems as well as perspectives on developments underway, following which I will address the measures encompassed in the Proposed TRR.

Overview of System for Determining Institutional Eligibility

Let me say at the outset that we welcome FTC's efforts to focus upon business and trade practices in order to assure fair market competition among the proprietary sector of postsecondary vocational schools. But let me add that the implications of these particular efforts must be viewed against the total backdrop of our larger concerns with the total education universe.

Passage of the Higher Education Act of 1965, and related statutes, intensified the need for the U.S. Office of Education (USOE) to compile and publish lists of institutions eligible to participate in various Federal education programs administered by USOE.

Culmination of these efforts may be seen in the list of over 8,300 institutions cited as eligible to participate in one of the largest and most broadly based Office of Education programs of aid to students: the Guaranteed Student Loan Program, also known as the Federally Insured Student Loan Program. To date this program has provided Federal, State, or non-profit private guarantees to lenders through nearly 7.7 million separate student laons amounting to approximately 7.5 billion dollars. The universe of eligible institutions in the Guaranteed Student Loan Program, which is our largest single listing of eligible institutions, can be divided into seven main types:

1.	4-year and higher	1,730
2.	Proprietary	1,685
3.	Medical technology and related	1,353
4.	Junior Colleges and Institutes	1,300
5.	Public Area Vocational Schools	1,000
6.	Foreign Schools	800
7.	Hospital Schools of Nursing	450
	Total	8,318

Figure 1 demonstrates in rough terms how USOE's programmatic concerns with accredited proprietary schools overlaps with the FTC's regulatory jurisdiction over this sector. The chart also shows that each agency's area of separate interest greatly exceeds that of their joint concern.

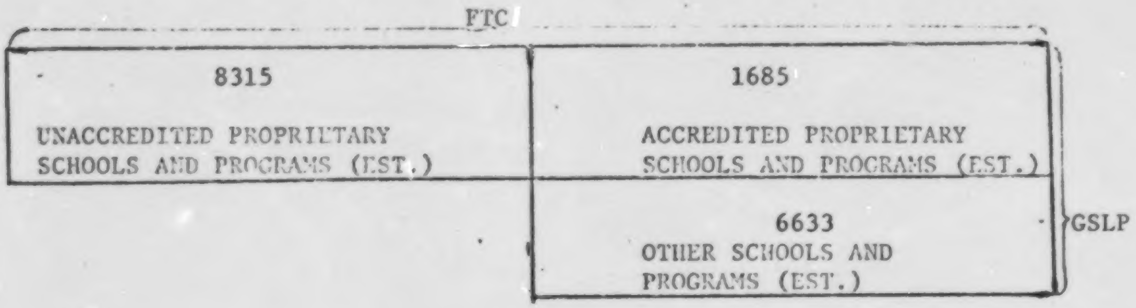
FTC
8315
UNACCREDITED PROPRIETARY SCHOOLS AND PROGRAMS (EST.)
1685
ACCREDITED PROPRIETARY SCHOOLS AND PROGRAMS (EST.)
6633
OTHER SCHOOLS AND PROGRAMS (EST.)
GSLP

Figure 1

Before any school or institution can become eligible to participate in education programs administered by the Office of Education, certain minimum statutory or regulatory requirements must be met. These eligibility elements fall into three categories which are: first, factual information such as type of school, length of programs, and legal authorization; second, the qualitative aspects of schools or programs, including accreditation, or the use of one of the alternatives to accredited status; and, third, special requirements established by program administrators under broader provisions of law, through regulation specifying provisions which participating schools must meet.

In other words, the statutory system for establishing postsecondary institutional eligibility among proprietary schools for participation in USOE administered education programs consists of three complementary elements: (1) State licensure or approval; (2) accreditation by a nationally recognized accrediting agency; and (3) Federal program requirements. We have found that whenever one or more of these elements is defective, the probability of educational consumer abuse increases.

Another way to express these elements might be as a "Triangle of Covernance." The triangle has as its three sides (1) the State approval agencies, (2) the nationally recognized accrediting bodies, and (3) the Federal agencies. This tripartite arrangement is predicated on the premise that each side of the triangle has an important role to play in establishing and maintaining institutional eligibility for Federal assistance programs, and thus in assuring protection of the educational consumer.

For this reason, Mr. Chairman, the Office of Education has been working over the past several years to shore up each of the three elements which comprise this system of "oversight" for both public, nonprofit, and proprietary postsecondary institutions. My remarks regarding the Proposed Trade Regulation Rule, accordingly, are based on our efforts to improve the present system for postsecondary institutional eligibility determination. These efforts have included the following thrusts:

1. Efforts to strengthen the State approval process.

   In 1973, three agency members of the Federal Interagency Committee on Education (FICE) -- the U.S. Office of Education, the Veterans Administration, and the Department of Defense -- provided a grant to the Education Commission of the States (ECS) to help study the problems of unethical or fraudulent practices in postsecondary education. This Federal incentive was based upon the premise that governance of education is a fundamental responsibility of the States.

   Responding to the challenge, the Education Commission of the States established a Task Force on Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees. The Task Force, which drew its membership from respresentatives of ECS, Federal and State governments, major accrediting agencies, and postsecondary education, issued its report in June, 1973.* I am pleased to acknowledge the contribution made by the FTC to the resulting "Model Legislation" contained in the report.

The "Model Legislation" sets forth minimum standards which State agencies are encouraged to use for determining whether or not postsecondary educational institutions of any type may operate within a State. These standards focus upon an institution's ability to enable students to reach their educational objectives. They call for providing fair and accurate information for prospective students in regard to the objectives, costs, and conditions involved. The "Model Legislation" requires not only truth in advertising, but also disclosure of relevant information. Finally, the "Model Legislation" provides --

--that institutions establish fair and equitable cancellation and refund policies; and

--that the State agency develop conditions for licensing sales agents, provide procedures for the review of consumer complaints, and insure the preservation of academic records at institutions which cease to exist.

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*Model State Legislation, Report of the Task Force on Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees, Education Commission of the States, Report No. 39; June, 1973.

We see, Mr. Chairman, considerable effort these days within the States which should lead toward creation of more consistent machinery to adequately protect: (1) students and prospective students from victimization; and (2) reputable institutions from the unfair competition of those engaging in fraudulent or unethical recruitment. Indeed, the issues that confront us today include not only the development of regulatory laws, but also how such laws are administered and enforced.

2. Efforts to strengthen the system of self-regulation.

Accreditation is the educational community's own means of holding itself accountable, and it has been traditionally defined as a process of self-evaluation by a school coupled with appraisal by a peer group, independent of government agencies. The Office of Education supports the concept of non-governmental accreditation and believes that this evaluation process contributes to the positive strengthening of each institution and to postsecondary education generally. For these reasons the Office supports accreditation as one significant factor in establishing the eligibility of educational institutions and programs to participate in Federal financial aid programs.

Although accrediting agencies have neither the power nor desire to be policing or regulatory bodies, they have demonstrated an increasing willingness to be responsive to the public interest and to protecting the educational consumer. Changes in the procedures and operations of nationally recognized accrediting bodies which bear upon the interests of the educational consumer include: (1) measures to improve the self-assessment process; (2) development of work-shops for evaluators; (3) changes in evaluative criteria: (4) adoption of due process and redress procedures; (5) inclusion of lay persons on decision-making bodies; and (6) stronger ethical practice codes for accredited institutions.

On August 20, 1974, revised Criteria for Nationally Recognized Accrediting Agencies and Associations, and Criteria for Recognition of State Approval Agencies for Public Postsecondary Vocational Education, were published in the Federal Register.* We believe that the new Criteria significantly enhance our ability to encourage improvement in the accreditation process, particularly in the areas of responsiveness to the public interest and protection of the student. But we also realize that we are in a period of evolving policy development. Accordingly, we will be monitoring the effectiveness of the new Criteria closely.

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*Federal Register, Vol. 39, No. 162; Tuesday, August 20, 1974; pp. 30041-30045.

3. Attention to OE program regulations and eligibility requirements.

The third element in the "Triangle of Governance" consists of Federal statutes defining institutional eligibility and program regulations.

On October 17, 1974, under Notice of Proposed Rule Making, the Office published in the Federal Register new requirements and standards of institutional eligibility for the Guaranteed Student Loan Program.* These new regulations, Mr. Chairman, are designed not only to improve the Office's administration of this major student assistance program, but also to provide consumer safeguards to students participating in this program. Among the consumer-oriented features of the proposed GSLP regulations, these items are included:

--Eligible institutions seeking to participate in the loan program must sign a "Terms of Agreement" acknowledging their obligation to comply with all applicable laws and all applicable GSLP regulations.

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*Federal Register, Vol. 39, No. 202; Thursday, October 17, 1974; pp. 37154-37161

--In cases where the student does not enroll in the institution for an academic period for which he has received a loan, the institution must promptly notify the lender and return the proceeds of the loan to the lender.

--Each participating institution must establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of any funds received from students who have obtained loans, to assure that the rights of students are protected and to protect the United States from unreasonable risk of loss due to defaults. Concerning record maintenance if an institution provides placement service, it must maintain placement records.

--In the case of an institution offering to prepare students for a particular vocation or trade, the institution must provide information regarding the employment of its graduates in such vocation or trade.

--Each participating institution offering to prepare students for a particular vocation or trade shall, prior to the time the prospective student obligates himself to pay tuition or fees to the institution, make a determination, based on an appropriate examination or other appropriate criteria, that such person has the ability to benefit from the instruction or training to be provided.

--Each participating institution must maintain a fair and equitable refund policy. . In determining whether a refund policy is fair and equitable, six factors are cited in the regulations which the Office will consider.

Finally, the proposed GSLP regulations provide significant due process procedures for the limitation, suspension or termination of eligibility for participating institutions that do not comply with program requirements. These measures, I believe, will go a long way toward deterring the consumer abuses which have afflicted this important student assistance program.

Mr. Chairman, I have spent some time describing the present system of governance, including multiple efforts to strengthen and improve it. I have outlined the major elements of the system as it is designed to function under optimum conditions. Obviously, this system is not entirely perfected, nor do the optimum conditions prevail, or we would not be meeting here today. In all candor, I must admit that while all three partners in the "Triangle of Governance" are making stronger efforts to protect educational consumers, they each still have a long way to go.

Considerations Regarding the FTC's Proposed Trade Regulation Rule

Turning now to the FTC's Proposed Trade Regulation Rule, my remarks are cast in terms of considerations which the Commission may want to weigh. At the outset I want to commend the Federal Trade Commission for its actions over the past few years designed to meet certain needs for protection of the educational consumer. I speak specifically of, first, the Guides for Private Vocational and Home Study Schools, issued on May 16, 1972; second, the publication of consumer information literature about private vocational schools; and, finally, the issuance of Commission complaints and cease and desist orders to help assure proper business practices among proprietary vocational schools.

The Office of Education supports what we perceive to be the major thrusts of the Proposed Rule, namely to:

- --require factual documentation of earnings or employment claims;
- --require disclosure of admission, attrition, and completion rates;
- --require disclosure of placement rates, if any placement claims are made;
- --require a "cooling-off" period before contracts become effective; and
- --provide for fair and equitable refunds to students who do not complete courses.

As we move from objectives to implementation, let me suggest a frame of reference, or an educational perspective which reflects the fact that the educational environment and its process constitute a complex, interrelated universe. For illustration, let me cite a few salient points:

(1) Education is not a seamless web. There are significant differences among types and levels of institutions and programs. In implementing general principles of educational consumer protection, allowances should be made for special circumstances and factual situations.

(2) Education itself is a very specialized, intangible service, not a tangible piece of hardware or merchandise which can be easily recalled by the manufacturer in order to cure defects. Educational services are not always susceptible to traditional, tried and tested marketplace devices for assuring protection of the interest involved.

(3) Students have both rights and obligations, beginning with the right to make an informed choice prior to consuming educational services. As a corollary, schools also have rights and obligations, which must be very carefully weighed and balanced.

With the above considerations in mind, I hope the Commission will understand that my comments, which follow, are designed to improve the Proposed TRR. My thoughts on the Rule are as follows:

First, the Proposed Rule appears to be based upon a premise that proprietary schools comprise a unitary "industry;" that all proprietary schools have a similar structure and operation and thus are similarly likely to engage in the abuses with which the Rule is concerned. In fact, however, there are many levels of complexity in educational programs, and varying degrees of sophistication regarding educational approach and offering, in the diverse universe of proprietary schools. The Commission may wish to differentiate between different kinds of educational institutions based upon the different nature of their operations. The consumer has a right, however, to basic fairness and equity in his dealings with all kinds of educational institutions and programs. And, in this connection, I would note there are indications that some institutions in the public and private-nonprofit sectors are engaging in misleading promotional practices and abusive refund policies of the type which the Proposed Rule is designed to remedy.

A second observation pertains to the Proposed Rule's prohibition against the dissemination of information concerning the general conditions or employment demand in any occupational sector. We fully appreciate and share the Commission's concern in this area. There is no question that the generalized employment and earnings data, based upon industry or government surveys, have been subject to abuse in media advertising.

However, we suggest that the issue is not that the information is used, which indeed may be important career information to prospective students, but rather how the information is used. In short, the Government's concern should be with the deceptive use of such data.

We support the Rule's provision that specific employment and earnings claims made in written or broadcast advertisements must be based upon the school's actual knowledge of the employment experience of its students. The "form and content" prescribed in the proposed rule itself may be misleading in that it does not take into account:

(1) justifiable reasons for failure of students to complete programs;

(2) students who obtained employment in the occupation or profession for which trained prior to graduation;

(3) graduates who obtained employment in a closely related occupation or profession;

(4) graduates who were not available for employment;

(5) graduates who received advancement in present employment which can be directly attributed to completion of the program;

(6) graduates who obtained employment in an occupation or profession not related to the training program;

(7) graduates for which employment information is not available.

A further frailty in the proposed reporting requirement is that it may actually encourage distorted data recording, because it may induce schools to broadly define occupational fields and objectives in order to show high percentage of graduate placement.

Mr. Chairman, there is pressing need for the development of a comprehensive system of presenting education information to the public. Such an information system would ideally mesh career or occupational information with information about training opportunities, and provide detailed descriptions of those instititions which do offer these opportunities as well as indicators of institutional effectiveness, including performance of graduates. Any effort to design, develop, and implement such a public information system pertaining to postsecondary vocational opportunities should, I believe, take into consideration a number of issues. Among these issues I would cite are:

--what constitutes a common minimum base of information which all institutions might be expected to provide to students and the public?

--what do prospective students need to know in order to make an informed choice about education, occupation and careers?

--what costs are involved in preparing and updating such information, and who should bear these costs?

--what agencies, through what procedures, should verify the authenticity of such information, once developed?

I have dealt at length on the area of disclosure of educational information because it is such a critical issue in the public debate surrounding educational consumer abuses. A regulatory response to this issue must, I believe, flow from a cooperative review and analysis of the underlying issues by State and Federal agencies, accrediting bodies, students, consumer groups, professional and educational associations, and the general public.

Considerations which the Commission might want to take into account regarding other parts of the Proposed Rule are summarized briefly as follows:

(1) Under the "Cancellation Policy and Pro-Rata Refund Formula," attention might be given to the factors, cited in the proposed GSLP regulations, for determining a fair and equitable refund policy. It is in these regulations that the Office of Education has attempted to define and outline its own conception of a "fair and equitable" tuition refund policy, and in this connection we include such factors as:

--the time period for which tuition and fees are paid; and the time for which the student was enrolled;

--the amounts of instruction, equipment and other services provided;

--whether the refunds are reasonable and equitable when compared with the above;

--provision for a reasonable enrollment or registration fee of up to $50 to be retained by the school;

--allowance for refund policies mandated by individual State law; and

--consideration of refund policy standards set by nationally recognized accrediting agencies.

The pro-rata refund formula contained in the Rule would appear to fully relieve the student who withdraws of any obligation to pay any share of the "fixed" costs of a course. As you well know, students may withdraw from a course for numerous reasons, many of which are solely within the student's control

It is important, I believe, to fashion a pro-rata refund provision which does not unduly benefit a student who withdraws because of a lack of commitment to the work which is required for successful completion of the course, and who is, in effect, subsidized by the students who remain and must consequently pay higher tuition charges than they otherwise would pay.

(2) The TRR requirement compelling a school, which makes no employment or earnings claims, to submit a statement that the school has no such information may produce results tending to mislead students. Many institutions maintaining placement services for graduates do so on a voluntary basis, since no reputable school guarantees placement or employment.

(3) Regarding the "cooling-off and re-affirmation requirement," the Office of Education supports the concept of a "cooling-off period" within which a prospective student may consider changing his mind. We also believe that he should be given proper notice of his right to do so. Concerning the reaffirmation requirement I would recommend that, if adopted, it be consistent with other similar or applicable Federal and State standards already in place.

In summary, Mr. Chairman, the Office of Education applauds the efforts of the Commission to help protect the educational consumer from misrepresentation, fraud, and deception. My comments have been directed towards the means, rather than the objectives, of the Proposed Trade Regulation Rule.

It is my conviction that no single agency, public or private, can cope fully with the issues raised by these proceedings. Rather, it will require a concerted effort by Federal, State, and private agencies, working together with educational institutions, where, in the final analysis, the primary responsibility and burden must rest.

Thank you, Mr. Chairman, for the opportunity to discuss with you the Proposed Trade Regulation Rule.

A Review of Statistics Pertaining to GSLP and BOCS *

1. The Universe of Postsecondary Institutions

A. Degree-Granting Institutions and Their Enrollments

The degree-offering schools of postsecondary instruction are fairly uniformly defined and counted. The Orlans study, Private Accreditation and Public Eligibility, estimated a total of 2850 institutions in the fall of 1972 which offered associate or higher level degrees for two or more years of postsecondary work. The Carnegie Commission on Higher Education estimated 2948 for the same period, counting branch campuses as separate schools. Roughly 2/3 of these schools held regional accreditation, 13% held preaccredited status, and 15% held no regional status. In April 1975, the Accreditation and Institutional Eligibility Staff of the Office of Education (AIES) counted 3100 degree-granting schools, 1781 with four-year and higher programs, and 1319 junior colleges and institutes.

Enrollment at these higher education institutions rose from 3.6 million in 1960 to over 10 million in fall of 1974. However, this figure compiled by the National Center for Educational Statistics is inflated by the inclusion of part-time as well as non-degree students. In the fall of 1974, 6.4 million students were enrolled on a full-time basis, while 3.8 million attended part-time. Of this grand total, 5.8 million or 56% were full-time degree-credit students. The rest were part-time degree and non-degree credit students. Ninety-eight percent of the 6.9 million full-and part-time students in four-year and higher institutions were enrolled in degree programs, as compared with 65% of the 3.3 million at the two-year junior college level. Three quarters of all students were enrolled in public institutions, with one quarter at private, non-profit schools (Table 1).

B. Non-Degree Postsecondary Schools and Their Enrollments

By contrast, the non-degree sector of postsecondary instruction is ill-defined and poorly counted. The estimated number of private non-degree granting institutions ranges from 7000 to 30,000. The higher estimate includes proprietary avocational and recreational schools, but these cannot be totally discounted, for what is avocational to some is vocational to others. The number of public postsecondary non-degree schools is also unknown. Programs and courses have been counted, but not schools. For example, many of the 1081 public area vocational schools considered postsecondary non-degree schools by the Office of Education operate also at the secondary or associate degree levels.

> The public vocational sector is confounded by the presence in many institutions of vocational and liberal arts instruction, of students under and over the statutory age of "postsecondary" puberty, of courses which are and are not acceptable for college credit, and of programs which do and do not terminate in degrees.[1]

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* Gathered and reported by Mrs. Jean Levin, May 1975.

A 1971 Office of Education Survey identified 11,731 postsecondary schools with vocational programs. Evelyn R. Kay's Directory of Postsecondary Schools with Occupational Programs, 1971, Public and Private, U. S. Office of Education, 1973, listed 8182. The published directory included 5000 proprietary schools. But, 3549 proprietary schools excluded from this OE directory were ineligible for either the guaranteed loan program or veterans benefits, but may have had students enrolled in other government sponsored programs such as vocational rehabilitation or manpower training.

Enrollment estimates at vocational schools are also sketchy. Estimates of students at private non-degree schools range from 1.5 to 15 million and,

> statistics painfully fail to convert enrollment and cost estimates into comparable terms, adding in one merry sum full-time year-round, full-time short-term, part-time year-round and part-time short-term students.[2]

The 1973 report of the Carnegie Commission on Higher Education, Toward a Learning Society, Alternative Channels to Life, Work, and Service, attempted to convert enrollment data in non-degree postsecondary instruction to comparable terms used in counting students at degree-granting schools. Accordingly, an estimate of 10.7 million non-degree enrollees in postsecondary programs was deflated to a full-time equivalent of 2 million.

C. Summary

The total universe of postsecondary schools tabulated by the Office of Education is 14,000; (3000 degree-granting institutions and 11,000 non-degree granting schools). Roughly 8000 of the non-degree institutions are proprietary schools, about 1500 of which are accredited. Another 1000 are public vocational schools. The remaining 2000 are non-profit or sectarian in ownership. Roughly 10 million full- and part-time students attend degree-granting institutions. Another 2 to 10 million are enrolled at non-degree schools, depending on who, how and when one counts.

2. The Guaranteed Student Loan Program

A. Eligible Institutions

For funding and scope, the Guaranteed Student Loan Program is currently the largest Office of Education student assistance program in terms of both eligible institutions and eligible students. Currently, of the 8459 eligible schools, 823 are foreign and 7636 domestic; 3714 are considered institutions of "higher" education; and 3922 are classified "vocational." Of the total, 5875 are accredited. For purposes of the loan program, eligible institutions of higher education exceed by 600 the degree-granting universe described in Section 1. This difference is explained by the inclusion of hospital schools of nursing and allied health programs. By law, ineligible degree-granting institutions are excluded because they are less than two years old, without legal authorization, unaccredited, unable to demonstrate "preaccredited" status, or unable to demonstrate the acceptance of transfer credits from three regionally accredited schools (known as 3-IC).

Vocational institutions award certificates or diplomas, not degrees. The 4000 institutions recognized for this program are eligible by virtue of two-year existence, legal authorization, and accreditation by a recognized agency. 3 In 1975, the vocational universe included 1500 proprietary schools and 2500 public and non-profit schools, including hospital schools and allied health programs accredited in collaboration with the American Medical Association. In the early days of the loan program, Advisory Committee action included various classes of vocational schools totaling some 500 institutions which offered training in programs not properly accredited. 3 In the absence of national accrediting agencies recognized to accredit for-profit trade schools in certain fields, the AIES Advisory Committee also rendered eligible some 750 proprietary trade, flight, aeromechanic, barber and cosmetology schools licensed by states and meeting criteria acceptable to AIES. After the National Association for Trade and Technical Schools (NATTS-1967) and the Cosmetology Accrediting Commission (CAC-1970) were placed on the Commissioner of Education's list of recognized accrediting agencies, schools rendered eligible in this alternate manner were advised that they had five years to gain accreditation or lose their eligibility.

Since 1970 almost 1000 schools have had their eligibility terminated. Of these 10% were degree-granting; 65% were either degree-granting or non-degree-granting proprietary institutions, 21% were public or non-profit vocational schools. Reasons for termination include closure (43%), loss of Advisory Committee approval (31%), loss of accredited status (21%), merger (2%), and loss of 3-IC (1%).

Over 800 schools are eligible under GSLP, but how many have actually participated? The Office of Education does not know because, unlike NDSL and BOGS, loans under GSLP are disbursed through the lender, not the institution. Thus OE can only quantify loans to students at schools which also serve as lenders.

B. Number of Participating Schools in the Guarantee Student Loan Program

In 1973, the Orlans group contracted with Phoenix Systema, Inc. to process data collected by the AIES on the number of schools participating in the loan program. Because of the uneven quality of the AIES information system, which staff members readily acknowledged and attributed to insufficient manpower, the printouts obtained were useful only in portraying trends. Since then, the Office of Education has improved its information on the loan program with the development of the GSLP Loan Estimation Model in September, 1974. Combining both studies produces a clearer picture of the universe of participating institutions.

The AIES printout (Table 2) showed 3248 schools with students holding one or more loans in 1969. One percent of the schools had more than $1 million in such outstanding loans while 10% had more than $100,000 outstanding. In 1972, the participating universe expanded by 35% to 4399. The students at 2% of these institutions held over $1 million in paper obligations and 21% held over $100,000. In 1969, 93% of the participating schools with over $1 million were public colleges and universities. By 1972 this figure dropped to 71% with the remainder divided between private non-profit schools (8%) and proprietary schools (21%). Thus, between 1969 and 1972, the number of participating schools with over $1 million in outstanding loan paper jumped 275% for public institutions, 450% for private non-profit schools; and an astounding 2400% for proprietary schools (Table 3).

In the same three year period the number of participating schools with over $100,000 in outstanding loan paper increased 80% at public institutions, 297% at non-profit institutions, and 558% at proprietary schools (Table 2).

The number of schools participating pertains only to the federal portion of the insured loan program. The state agencies keep their own data and only submit institutional information to the Office of Education when making claims for insurance. To extrapolate on a hunch, combining both the federal and state agency programs, one could guess that three quarters of all schools potentially eligible for the program are participating or have participated.

C. Number of Loans and Annual Loan Disbursement -- Federal Program

According to data projected through sampling in the GSLP Loan Estimation Model, in FY 1973, some 577,000 loans were disbursed through the Federal program: 59% to students at junior colleges, four-year colleges and universities; 35% to students at specialized and vocational schools. In 1968 approximately 77% of the loans went to college and university students. This proportion declined by 1973 to 53%, although the actual number of loans increased from 50,000 in 1968 to 302,000 in 1973.

In FY 1968, specialized and vocational students accounted for 3361 loans, 5% of all loans made that year. By FY 1973 due to statutory changes merging an earlier program of guaranteed loans to vocational students with the Higher Education Act and provisions for federal insurance benefits to interstate lenders, this percentage increased to 35% or 209,371 loans. During the same period, the number of loans to students at junior colleges and institutes remained at an annual level of 8% (Table 4).

Moreover, in terms of ownership patterns of schools attended by student borrowers, students at public institutions accounted for 65% of all federally insured loans in FY 1968. This percentage declined to 43% in 1973. (Table 5) Students at private schools had 21% of the loans in 1968, declining to 16% in 1973. Student borrowers at proprietary schools increased from 4% to 36% during the same period. In FY 1973, the largest average loans were made to students in proprietary schools ($1022) while public school students borrowed the smallest average amount ($894).

D. Percent of Postsecondary Students Borrowing under the Guaranteed Student Loan Program

No one knows the total number of students enrolled at schools eligible for the GSLP. Using data prepared by the National Center for Educational Statistics, all 10.25 million students are potentially eligible for loans, including part-time enrollments, since loans are available to students attending school on at least a half-time basis. In the vocational sector, a ball park figure might be 3 1/2 million potentially eligible postsecondary students enrolled in 1974. The public vocational universe is estimated at over 1.3 million, but these students generally do not borrow under the loan program. By the count of accrediting agencies of proprietary schools, in FY 1973 accredited private proprietary schools serviced an estimated 1.5 million students, including about 664,000 in home study programs. Most of the remaining 700,000 students attend accredited non-profit allied health institutions or unaccredited proprietary schools.

A letter from T. H. Bell, Commissioner of Education in the Washington Post on 5/10/75 stated: "In less than 10 years more than 4 1/2 million students have received 7.7 million individual loans totaling more than $8 billion." These are cumulative figures for the entire program including the portion loaned through state agencies. According to a survey published in the Chronicle of Higher Education in January, 1975, 10% of the 189,724 freshmen surveyed at degree-granting institutions in the fall of 1974 said they received tuition support from the GSLP (Table 6). The GSLP Loan Estimation Model gives percentages of postsecondary students receiving loans by type of institution (Table 4). Under the Federal program in FY 1973, over 1/2 million loans were disbursed. State and private guarantee agency programs for the same period added another 1/2 million loans. Table 7 describes this distribution by type of school ownership.[4]

1. Borrower Characteristics under the Federal Insured Student Loan Program.

   Gross family income. More than 85% of student borrowers belong to families with gross incomes below $15,000 per year. Over 60% are from families with gross incomes below $12,000 per year.

   Racial and ethnic background. The proportion of loans to minority students is increasing, jumping from 5% of total loans in 1968 to 25% in FY 1972.

   Sex. Men have consistently accounted for almost 2/3 of all loans granted.

   Age. The average age of the student borrower has increased. Students over 27 borrowed 35% of all loans in FY 1973. The proportion of students receiving loans between the ages of 17 - 22 has declined from 56% in FY 1968 to 42% in FY 1973.

   Marital status. The rise in the age of the borrowing population corresponds with the increase in the proportion of married student borrowers.

2. School Characteristics

   Most of the 734,000 loans going to students in public and private institutions are likely to be channelled through higher education institutions, since students at public area vocational schools do not generally participate in the loan program and the remaining private non-profit vocational schools are probably small operations. Thus, perhaps 7% of the estimated 10.25 million eligible part-time and full-time higher education enrollees borrowed through the loan program in FY 1973. An estimated 18% of eligible proprietary vocational students were on loans in 1975, if one accepts the hypothesis that 90% of the borrowers were enrolled in accredited proprietary schools with estimated enrollments of 1.5 million.

E. Defaults under the Guaranteed Student Loan Program

Default rates, or claim payment rates, are percentages of the total volume of loans to borrowers who have left school and should be repaying. The following analysis of claims by student borrowers is derived from the GSLP Loan Estimation

Model, which examined defaulters by characteristic and school. It applies only to the Federal Insured Loan Program.[5]

1. Characteristics of "Defaulters" under the Federal Insured Student Loan Program

Gross family income. Students from families with gross incomes of $6000 and under account for more than 50% of all claims. Those in the $6000-12,000 group account for more than 25% of all claims.

Racial and ethnic background. Between FY 1968-1973, white students accounted for an average of 53% of claims, Spanish-American students for an average of 27%, and black students for an average of 20%..

Age. On the average, the higher the age, the higher the percentage of claims.

Marital status. Single students account for an average of 41% of all claims, married students for an average of 25%. The balance are classified as "Other" and "No response."

2. School Characteristics

- Student borrowers attending public and proprietary schools have the highest annual volume of claims.

- The percentage of claims for students at publicly owned schools decreased from 70% in FY 1968 to 20% for FY 1972. The percentage of claims for students attending proprietary schools rose from 10% for FY 1968 to 68% for FY 1972. The percentage of claims for students attending private degree-granting schools decreased from 20% to 6% over the same years.

- The highest annual percentage of the matured loan amount in claims is found for students attending specialized and vocational schools followed by students attending public junior colleges and institutes.

F. Interpretation

Several factors explain the high rates at proprietary vocational schools and public junior colleges and institutes. In the first place, vocational programs are shorter in duration than many degree programs, and students enter the repayment status faster.

Tuition refund policy appears to be a key link between high dropout and high default rates. A borrower who drops out of school is contractually obliged to repay his entire loan within 9-12 months. Failing to obtain what he deems to be an adequate or timely refund of his tuition, he may be unable or unwilling to do so. Another type of borrower completes his course of study but then stops payments because he feels that he did not really learn anything or that he did not get a job he has been

> led to expect . . . One troublesome, if infrequent cause of loan default occurs when a school loses its eligibility for loans...[6]

Another problem arises when a school closes before students finish their studies.

There are higher concentrations of high-risk, low-income students at specialized vocational schools and public junior colleges and institutes. Also, students may be deliberately exploited and euchered into contracts they do not understand for poor training they may not even receive.

A 1974 estimate by the General Accounting Office put the proportion of potential insured loan defaulters at 24% of all student borrowers and almost half of all borrowers at proprietary schools. Defaults have been lower in the programs run by the state and private agencies because the states have screened out, or given grants rather than loans to more high-risk, low-income students. Jay Evans, president of the National Council of Higher Education Loan Programs, told Senator Pell's Education Subcommittee in September 1974 that the state agency rate ranged from 5% to 7%.

G. Lender Schools

Some 200 schools have obtained federal insurance contracts and become direct lenders, in part to avoid residency or school restrictions in state programs. Direct lender schools can lend money to half-time, poor-risk, low-income students whom banks may be reluctant to serve, and their ability to offer loans together with education can be advantageous in recruiting. Of the 208 schools qualified as direct lenders in December 1972, about half were non-profit universities and colleges among which were Ivy League schools, other well known colleges and thirteen state universities. The remaining half were proprietary schools, all but two accredited by proprietary vocational accrediting agencies. Looking at the number of borrowers who defaulted, by lender types, it becomes obvious that proprietary lender schools have a significantly greater default percentage than the higher education lender schools: From 1969-1971 approximately 2% of the borrowers obtained loans through higher education lender schools. The default percent from these lenders for the same years remained steady at .6%. For the vocational school-lenders, the number of borrowers rose from .2% in 1969, 11.1% in 1971, 26.4% in 1972 and 26.4% in FY 1973. Ther percentage of annual defaults from this lender source increased from 3% in 1969 to 27.3% in 1972.[7] Considering the fact that these 100 proprietary school lenders are among a group of 19,000 lenders of all types, the results should be of special interest to policymakers.

3. The Basic Educational Opportunity Grant Program.

BOGS first provided funds in 1973-74. Eligibility is based on financial need, and grants are awarded by a Congressionally approved formula. The BOGS appropriation in its first year was $122.1 million but actual expenditures totalled only 50 million. Because of limited funding, grants were restricted to first-time students enrolling full-time after July 1, 1973. Data on institutions participating in BOGS comes from end-of-year institutional progress reports. To summarize the first year of of operation, 35% of the 5372 institutions eligible for BOGS were public schools, whose students received $33 million of available funds or 66%. Students at private non-profit institutions received $13 million while 7% of the grants went to students at proprietary schools (Table 8). The average award was $247.

In the survey published by the Chronicle of Higher Education on college freshman of 1974 cited earlier, 25% of those responding reported support under BOGS.

TABLE 1

TOTAL STUDENT ENROLLMENT AT DEGREE GRANTING HIGHER EDUCATION INSTITUTIONS - FALL 1974
(Thousands)

	Full Time	Part Time	Public	Private	TOTAL
Total Degree Credit Enrollment	5,817	3,206	6,838	2,185	9,023
4 year	4,854	1,968	4,734	2,090	6,825
2 year	960	1,238	2,104	94	2,198
Total Non-Degree Credit Enrollment	553	647	1,150	50	1,200
4 year	57	30	59	28	87
2 year	496	617	1,091	23	1,113
Total	6,370	3,853	7,988	2,235	10,224
4 year	4,914	1,998	4,793	2,118	6,912
2 year	1,456	1,855	3,195	117	3,311

Source - Vance Grant, National Center for Education Statistics, Washington D. C. May 1, 1975
Interview

TABLE 2
NUMBER OF SCHOOLS ATTENDED BY STUDENT BORROWERS UNDER THE FEDERAL INSURED LOAN PROGRAM
FY 1969 and FY 1972

SCHOOL TYPE	FY 1969 Number with more than $1 million	more than $100,000	Total # of Schls.	FY 1972 Number with more than $1 million	more than $100,000	Total # of Schls.	Per Cent Increase between FY 1969 & FY 1972 more than $1 million	more than $100,000	Total # of Schools
Public - Total	29	199	1382	81	359	1697	275%	80%	22%
Colleges & Universities	28	149	522	78	232	576	277	55	10
Junior Colleges & Institutes	0	41	464	1	98	610	100	239	31
Specialized & Vocational	0	4	197	1	23	282	100	575	43
Unknown Program type	1	5	199	1	6	223	--	20	12
Private-Non-Profit Total	2	87	1349	9	259	1611	450%	297%	19%
Colleges & Universities	2	80	1014	9	243	1132	450	303	11
Junior Colleges & Institutes	0	6	241	0	10	330	0	66	36
Specialized & Vocational	0	1	86	0	6	140	0	600	62
Unknown Program type	0	0	8	0	0	9	0	0	12
Proprietary-Total	0	51	509	24	285	865	2400%	558%	70%
Colleges & Universities	0	1	6	1	6	7	100	600	16
Junior Colleges & Institutes	0	1	15	0	8	20	0	800	33
Specialized & Vocational	0	49	488	23	271	838	2300	553	71
Unknown Program type	0	0	2	0	2	2	0	200	no change
Miscellaneous-Total	0	1	8	0	35	232	0%	3500%	2900%
Unkown Program-Ownership									
TOTAL	31	338	3248	114	938	4399	367%	277%	35%

Source: Unpublished data compiled from files of Office of Education, Accreditation & Institutional Eligibility staff on participating educational institutions under the Federally Insured Student Loan Program. Gathered by Phoenix Systema, Inc, in October, 1973 for Orlans, et.al., Private Accreditation and Public Eligibility

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Source: Unpublished data compiled from files of Office of Education, Accreditation & Institutional Eligibility staff on participating educational institutions under the Federally Insured Student Loan Program. Gathered by Phoenix Systema, Inc, in October, 1973 for Orlans, et.al., Private Accredita-

TABLE 3
PERCENT OF SCHOOLS ATTENDED BY STUDENT BORROWERS UNDER THE FEDERAL INSURED LOAN PROGRAM
BY TYPE
FY 1969 and FY 1972

	FY 1969			FY 1972		
School Type	more than $1 million	more than $100,000	Total % of schools with 1 or more loans	more than $1 million	more than $100,000	Total % of schools with 1 or more loans
Public	93%	58%	42%	71%	38%	38%
Private-NonProfit	7	25	41	8	28	36
Proprietary	0	15	15	21	30	19
Miscellaneous Unknown type	0	2	2	0	4	7
TOTAL	100%	100%	100%	100%	100%	100%

Source: Unpublished data compiled from files of Office of Education, Accreditation and Institutional Eligibility staff on participating institutions eligible under the Federal Insured Loan Program. Gathered by Phoenix Systema, Inc. in October, 1973 for Orlans et.al., Private Accreditation and Public Eligibility.

TABLE 4

FEDERAL INSURED STUDENT LOAN PROGRAM
DISTRIBUTION OF LOANS BY TYPE OF INSTITUTION (thousands)
FY 1968, 1971, 1973 and Cumulative Total

Academic Program	FY 1968		FY 1971		FY 1973		Cumulative Total 1968-1973	
	%	number of loans (thousands)	%	number of loans (thousands	%	number of loans (thousands)	%	Number of Loans
Colleges & Universities	77	58	58	270	53	302	58	1,352
Junior Colleges & Institutes	8	5	8	38	6	36	8	177
Specialized and Vocational	5	3	30	137	36	209	28	660
Unkown - not available	10	6	4	20	5	29	6	134
TOTAL	100%	65	100%	466	100%	577	100%	2,323

Source: Office of Education, GSLP Loan Estimation Model, Volume 1, Introduction and Summary - Disbursement Data, September, 1974, pp. VI-10, VI-11.

TABLE 5

FEDERAL INSURED STUDENT LOAN PROGRAM
DISTRIBUTION OF LOANS BY INSTITUTIONAL OWNERSHIP (thousands)
FY 1968, 1971, 1973 and Cumulative Total

School Type	FY 1968		FY 1971		FY 1973		1968-1973 - Cumulative Total	
	%	number of loans (thousands)	%	number of loans (thousands)	%	number of loans (thousands)	%	number of loans (thousands)
Public	65	42	52	241	43	247	47	1,163
Private	21	14	17	81	16	95	18	401
Proprietary	4	3	27	127	36	209	30	638
Unknown	10	6	4	18	5	26	5	120
TOTAL	100%	65	100%	465	100%	577	100%	2,324

Source: Office of Education GSLP Loan Estimation Model, Volume 1, Introduction and Summary-Disbursement Data, September 1974, pp. VI-20, VI-21.

TABLE 6

PER CENT OF FRESHMEN IN FALL OF 1974 RECEIVING SUPPORT FROM FEDERAL GUARANTEED STUDENT LOANS

None	90.0%
$1 - $499	2.6%
$500 - $999	2.5%
$1000 - $1,999	4.1%
$2,000 - $4,000	0.6%
over $4,000	0.1%

Source: "The American Freshman: National Norms for Fall 1974," Published by the American Council on Education and University of California at Los Angeles, in The Chronicle of Higher Education, January 20, 1975, pg. 8.

TABLE 7

ESTIMATED NUMBER OF BORROWERS UNDER THE GUARANTEED STUDENT LOAN PROGRAM BY TYPE OF SCHOOL OWNERSHIP - FY 1973

1973

School type	Federal Loan Program		State and Private Guarantee Agency		Total	
	% a.	*number of d. borrowers (thousands)	% b.	number of d. borrowers (thousands)	%	number of d. borrowers (thousands)
Public	33.7	194	54.4	272	43	466
Private	13.2	76	38.4	192	24	268
Proprietary	48.7	281	5.1	25	28	306
Unknown	6.	34	2.1	10	4	44
TOTAL	100.% c.	577	100%	500	100%	1,084

Sources:

a. Office of Education, GSLP Loan Estimation Model, Volume II, Borrower, Lender and Institutional Characteristics, September, 1974, Appendix A-5

b. Ibid, Appendix B-5.

c. Office of Education, GSLP Loan Estimation Model, Volume 1, Introduction and Summary-Disbursement Data, September, 1974 p. VI-21.

d. Number of borrowers calculated from percentages - Results may not be accurate due to rounding

* The percentage and numerical distributions on the Federal portion of this table do not agree with those on Table 5, although the total is derived from those data (See Source C). They are based on cross tabulations of a different sample extracted from GSLP files in February 1974. The other figures are based on a 100% sample run in June 1973. These data are used because they parallel information given on the State Agency Programs.

TABLE 8

BASIC GRANT EXPENDITURES, RECIPIENTS AND AVERAGE AWARD BY TYPE OF INSTITUTION (1973-74)

SCHOOL TYPE	%	Total # of Schls.	%	Total $ Expenditure (thousands)	Total Student (thousands)
Total Public	35%	1869	66%	$32,949	120
Universities		357		16,365	60
Other 4 year		233		170	15
2 year		980		12,035	44
1 year plus		23		84	.3
6 months plus		276		293	1
Total Private Nonprofit	31%	1698	26%	$13,077	48
Universities		234		4,125	15
other 4 year		916		6,865	25
2 year		419		1,772	6
1 year plus		29		65	negligible
6 months plus		100		160	.5
Total Private Profit-making	15%	827	7%	$ 3,505	14
Universities		2		5	negligible
other 4 year		22		125	.5
2 year		397		1,390	6
1 year plus		185		1,000	4
6 months plus		221		984	4
Other	18%	987	.066%	343	2
TOTAL		5372		$49,874	185

Source: Office of Education, BOGS End-of-Year-Report (1973-74 Academic year)

Footnotes

1. Harold Orlans *et al.*, *Private Accreditation and Public Eligibility*, National Academy of Public Administration Foundation, October 1974, Volume 1, p.278

2. *Ibid*., p.280

3. In 1967-68, regional accrediting associations did not accredit public or nonprofit vocational schools, and some 500 public-area vocational schools listed by state agencies for participation in the 1963 Vocational Education Act accordingly became eligible under GSLP.

4. The following profile is drawn from Office of Education, *GSLP Loan Estimation Model*, Volume II, Borrower, Lender and Institutional Characteristics, September 1974, pp. 11-11 to 11-30.

5. *Ibid*., Volume III, Claims Characteristics, 11-1 to 11-40

6. Orlans, *op.cit*., Volume 11, pp. 407-408.

7. Figures derived from *GSLP Loan Estimation*, *op.cit*., Volume II, A-21-a- (borrowers), Volume III, A-17-a (defaults).

Issues in Eligibility

The availability of Federal funds highlights and exacerbates certain issues relating to the Federal role in postsecondary education.

(1) Federal responsibility for achieving equal access, choice and opportunity. The Education Amendments of 1972 and subsequent national debate and Federal funding decisions have firmly established the Federal responsibility for achieving these goals. Yet this responsibility brings other issues to the fore and makes it difficult to formulate rules for determining eligibility. Numerous issues comprise this problem:

1. How can equal choice be realized if whole classes of institutions are not eligible for Federal funds?

2. Does use of accreditation for eligibility impede innovation and change (the response to new social conditions)?

3. With growing importance of voc-tech education, how is it served with present system?

4. Is access to new institutions affected by a conflict of interest, wherein old institutions are accrediting the new?

5. Does lack of accreditation proscribe the choice of certain institutions for classes of individuals?

(2) Federal versus State responsibility for the regulation of postsecondary institutions. Education is a function of the States, but increasingly the Federal government has affected many aspects of education. So far the States have played a minimal role in determining which postsecondary institutions should be eligible for Federal funds, but this could be changed. Some issues are:

1. What is the proper role of O.E.?

2. What is the relationship of accreditation to licensure, certification, registration in eligibility?

3. How does the present system respond to the demand for accountability arising from the expenditures of huge sums of money?

4. What is the federal role in education?

5. Is the present role of O.E. in regulation recognized? Has it been expanded beyond authorization implied by legislation?

6. Should O.E. be regulatory?

7. Is there a need for better dis-eligibility procedures?

8. How should these eligibility dilemmas be handled?
- eligibility for open universities, external degrees, non-traditional programs.
- small special purpose institions
- parttime study and continuing education
- postsecondary occupational technical education?

9. Should accreditation be used as the eligibility mechanisms for proprietary schools?

10. Is O.E. too dependent on accreditation for its regulation and assessment of quality?

11. If state officials insist that they are the appropriate accreditors, by virtue of their power to create, disband, charter, license, administer, regulate and police, how can this be reconciled with a federal reliance on private accreditation?

(3) Federal use of private voluntary associations to make its funding decisions. The primary determinant now of whether a postsecondary institution is eligible to receive Federal funds is membership in an accrediting association which is recognized by the Federal government. Few non-accredited institutions are eligible and few accredited institutions are ineligible. The accrediting associations were not created for the determination of Federal eligibility, they did not ask for this function, and most of them do not want it. When the Federal government began use of this procedure very little money hinged on the eligibility decision. Now it is a major decision and time to ask whether some other method would be more proper.

1. Lack of relationship between chartering new institutions (by state) and private accrediting.

2. How many masters can private accreditation serve? Society, public welfare? Students? Professionals? Federal government? State government? or only the institutions?

3. Is the use of fees for accrediting proper?

4. Should private accreditation be a police action?

5. Does use of the private accrediting agencies mean that they have broken with their autonomous tradition?

6. How many agencies should be used to accredit programs or institutions in the same field or region?

7. Private regional accreditation is not really voluntary since

many other forms of accreditation are dependent on it (hence they provide no real alternative to regional accreditation).

8. What happens when the federal monitor (AIES) does not agree with procedural or substantive decisions of accrediting agencies?

9. Is it fair that professional accreditation may depend on regional accreditation?

10. Does the use of private accrediting agencies represent a monopolistic practice subject to future legal attack? Has this condition been aggravated by the use of super-accrediting agencies?

11. Is due process followed adequately in accreditation procedures?

12. Aren't accrediting agencies performing quasi-governmental functions? Maintaining influential government contacts? To wit:
   a. state reliance on standards developed by accrediting agencies
   b. denial of accrediting - a government function
   c. power of accrediting agencies derived from uses by government
   d. state tax funds indirectly support accrediting agencies
   e. state administrators eligible to serve as accreditors
   f. state disbursement of federal funds is affected by accreditation status.

13. Do private accrediting agencies do what they are authorized to do?

14. Do accrediting agencies act only in their own interest?

15. Should private agencies be concerned with federal priorities?

16. Should accreditation be the only element in eligibility?

17. Is it appropriate for regionals to refuse to accredit proprietary institutions?

(4) Federal responsibility for consumer protection in postsecondary education. Most of the Federal funds institutions now receive are in the form of student aid. Because there is some governmental responsibility implied for the protection of the users of such vast sums of public funds, and because these funds are appropriated to achieve specific national goals (principally equal access), the Federal government has a role in protecting the student from abuses by postsecondary institutions. These can be abuses of commission (degree mills) or ommission (not living up to the promised or implied quality of education). Other factors such as declining enrollments in certain types of institutions and a growing national interest in consumer protection bear on this, but this is a major shift from the situation of just a decade ago when the balance of student funding decisions was almost totally on the side of the institutions. Other issues include:

1. Are consumer protection measures (as in GSLP) adequate?

2. Does regional accrediting provide close-enough or any scrutiny of actual educational programs?

3. With professional accreditation, is there sufficient performance evaluation? Are those trained represented in the accreditation process? Is there adequate measurement of the product before accreditation is given?

4. Accreditation is operated as a private function with a public purpose; is public interest neglected? information on partial and full accreditation is not disbursed; students do not serve on accreditation teams.

5. If accreditation is not the key to consumer protection, will disclosure serve the purpose?

6. If the federal government has a responsibility to reduce exploitation of educational consumers, how should that responsibility be resolved in terms of the opposition to federal intervention in educational administration?

7. Is accreditation so widespread that it is a meaningless indicator of quality?

8. Should loss of any element of eligibility result in the loss of eligibility?

Department of Health, Education and Welfare
U.S. Office of Education
National Invitational Conference on
Institutional Eligibility

ISSUES

I. Increasingly, institutional leaders complain about a growing number of varying sets of Federal regulations to which institutions must address themselves.

A. To the extent feasible, should the Office of Education develop an expanded singular set of eligibility requirements applicable to multiple programs--as opposed to separate sets of requirements for each program?

B. Should the Office develop a basic "terms of agreement" eligibility document which an institution would execute in order of established eligibility status for all funding programs?

II. Federal educational program funding involves:

1) Determination of who is eligible;
2) Award of funds; and
3) Ultimate responsibility for the proper use of the funds.

A. How might the Office strengthen its administrative efforts in areas related to eligibility?

III. The Commissioner of Education's statutory authority, to limit, suspend or terminate (for specified reasons) the eligibility status of otherwise eligible institutions currently is applicable only to the Guaranteed Student Loan Program.

A. Should this authority be expanded relative to all student aid programs?

B. Should it be expanded relative to all postsecondary funding programs administered by the Office of Education?

IV. It is alleged in the Orlans Report that accrediting agencies are not reliable authorities regarding either educational quality or institutional probity.

A. Does the Orlans Report substantiate this thesis adequately?

B. If not, is it true anyway?

C. What of the Newman Report recommendations (1971) that accreditation be not considered at all in eligibility determinations?

V. Assuming that the Office of Education should continue to use accreditation as one element in the eligibility determination process:

A. Should it recognize more than one accrediting association (1) in a defined geographical area of jurisdiction or (2) in a defined field of program specialization? In other words, is it advisable to create "competition" for existing accrediting organizations?

B. Should there be a private committee "to offer an alternative channel of eligibility for useful unaccredited schools"? [The Orlans Report suggests there be a 5-year experiment with this.]

C. Should the Office of Education expand the role of State agencies in eligibility determinations? If the Office of Education encourages expansion of the eligibility functions of State agencies, is this likely to undermine the role of regional and national accrediting agencies?

D. Should State agencies which approve, license, or charter, educational institutions (and therefore give them one of the prerequisites for eligibility) be recognized by the Commissioner of Education in the same way accrediting agencies are now recognized?

E. Has the time come to establish clearly defined boundaries for the three elements in the eligibility triad? The three elements are (a) accrediting agencies, (b) State agencies, and (c) Federal agencies.

VI. If a central set of eligibility requirements for institutions is established through provision by statute and regulation, should it include the following elements in addition to current requirements?

A. Proper public disclosure of student attrition and completion rates.

B. Fair and equitable tuition refunds to students.

C. Prohibition against utilization of advertising, sales or enrollment practices of any type which are erroneous, deceptive or misleading.

D. Public disclosure, by vocational schools, of job placement data regarding graduates.

VII. Should recognized accrediting and state approval agencies address the issues listed above in their standards?

VIII. The functions and importance of the Commissioner's Advisory Committee on Accreditation and Institutional Eligibility have expanded considerably since its establishment in 1968. (See charter listing current functions.)

A. Given the significance of its operations, should the role and functions of the Advisory Committee be specified by statute?

IX. The Orlans Report proposes the recognition function of the Commissioner's Advisory Committee (and of the Commissioner?) be transferred to the new Council on Postsecondary Accreditation, and that the Advisory Committee become an appellate body for COPA actions?

A. Would such a scheme be:

(1) Practical or Functional;

(2) Desirable to all affected parties;

(3) Legal?

B. What advantages and disadvantages would such a scheme offer?

X. The three institutional certification system has, in the opinion of USOE administrators, been subjected to considerable abuse.

A. Should this procedure be abolished as an alternative to the accreditation provision for eligibility for funding?

B. If not abolished, what revisions are desirable for it?

XI. Should special eligibility provisions be developed for:

A. Proprietary institutions;

B. Innovative institutions?

C. Other institutional types?

XII. Should the Office encourage development of special accrediting agencies for innovative educational institutions in order to provide eligibility status to this category of institution?

XIII. Are there significant categories or numbers of institutions which are ineligible because they are unaccredited? If so, identify them.